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Title: **Mack Trucks, Inc. and International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) Locals 171, 472, 677, 1247, 2301, and 5841 (2001)**

K#: **4133**

Employer Name: **Mack Trucks, Inc.**

Location: **GA MD PA SC**

Union: **International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)**

Local: **171, 472, 677, 1247, 2301, 5841**

SIC: **3711**

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MASTER AGREEMENT

between

MACK TRUCKS, INC.

and the

16300

**INTERNATIONAL UNION
UNITED AUTOMOBILE
AEROSPACE AND
AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA,
UAW**

**And its Locals 171, 472, 677,
1247, 2301, 5841**

October 2, 2001 ~

October 1, 2004



5/1/03

**MASTER AGREEMENT
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MASTER AGREEMENT
MACK TRUCKS, INC.
AND THE
INTERNATIONAL UNION UNITED AUTOMOBILE
AEROSPACE AND AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA, UAW

This Master Agreement (hereinafter designated as the "AGREEMENT"), made this 2nd day of October, 2001 by and between MACK TRUCKS, INC., a Pennsylvania corporation, (hereinafter designated as "MANAGEMENT" or the "COMPANY") and the INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW, on its own behalf and on behalf of its Locals Nos. 171, 472, 677, 1247, 2301 and 5841 (hereinafter designated collectively as the "UNION"), covering bargaining unit employees of the Company in facilities at Hagerstown, Maryland; Atlanta, Georgia; Allentown, Pennsylvania; Macungie, Pennsylvania; Middletown, Pennsylvania; Baltimore, Maryland and Winnsboro, South Carolina is for the purpose of memorializing the Agreement between the Parties (hereinbefore the Company and the Union). The Parties mutually agree that wherever masculine or feminine words are used in this Agreement, they refer to females and males equally.

WITNESSETH:

That the Parties hereto mutually agree as follows:

ARTICLE 1 - RECOGNITION
SECTION 1.

The Company recognizes the Union as the exclusive collective bargaining agent for the employees of the Company in the bargaining units described in the Local Supplemental Agreements.

Article 1, Section 2

SECTION 2.

The Company agrees to notify the Union as promptly as practicable of its intention to construct or acquire any new facility or any addition thereto.

SECTION 3. Management Rights

All management rights not expressly modified or relinquished by this Agreement are reserved to the Company. Such rights will not be exercised in a manner that conflicts with the express provisions of this Agreement. The exercise of such rights may be made the subject of a grievance under Article 5 of this Agreement.

ARTICLE 2 - UNION SHOP AND CHECK-OFF

SECTION 4.

- (a) All present employees covered by this Agreement who are members of the Union as of the date of the signing of this Agreement shall continue their membership in the Union as a condition of employment. All present employees covered by this Agreement who are not members of the Union as of the date of the signing of this Agreement shall, as a condition of employment, become members of the Union upon the thirtieth (30th) calendar day following the date of the signing of this Agreement. All employees hired on or after the date of the signing of this Agreement and covered by this Agreement shall, as a condition of employment become members of the Union upon the thirtieth (30th) calendar day following the date of their employment.
- (b) All employees covered by this Agreement must become members of the Union and retain, as a condition of further employment, their membership in good standing in accordance with the Union's Constitution and By-laws for the duration of the contract, subject to the provisions of the National Labor

Article 2, Section 4

Relations Act of 1947, as amended, or hereafter amended.

- (c) The Company will not retain or re-employ in any job in the bargaining unit an employee who fails to comply with the provisions of this Section.
- (d) If a dispute arises as to whether an employee has failed to maintain membership in good standing in the Union as required herein, such dispute may be submitted for determination by an arbitrator in accordance with the provisions of this contract. The decision of the arbitrator shall be final and binding upon the Parties.
- (e) An employee shall not be required to become a member of or continue membership in the Union as a condition of employment, if employed in any state which prohibits, or otherwise makes unlawful, membership in a labor organization as a condition of employment.

SECTION 5.

- (a) For the duration of this Agreement and subject to the provisions of this Section, the Company agrees to deduct from the wages earned, any regular benefits paid under the Supplemental Unemployment Benefits Plan, or any back pay awards for time lost from work as a result of a disciplinary suspension or discharge and pay over to the Local Union, the Union membership dues of all employees within the bargaining unit who are members of the Union and who, in writing, authorize and request the Company to do so in accordance with the provisions of this Section. In addition, any Settlement Bonus or payments under the Profit Sharing Plan shall have Union dues deducted at the rate of 1.15% of the total amount of any such payment. "Union membership dues" as used herein, means the employee's periodic dues and initiation fees. Should the Local Union later certify to the Company that the amount due as periodic Union dues has been

Article 2, Section 5

changed, the Company shall deduct and remit in accordance with such certification. The Local Union will keep the Company informed of the proper amounts to be deducted in each case, however, the frequency of such deduction shall be uniform throughout the Company. The Local Union shall give the Company at least two (2) weeks advance notice of any changes in the amounts to be deducted.

Employees who desire to authorize and request the Company to make such deductions and payments of their Union membership dues shall use the form attached hereto as Exhibit 1 and entitled "Authorization for Check-off of Dues". An alternative form of authorization for use with employees in units located in right-to-work states is attached as Exhibit 1-A.

Payroll deductions of the Union membership dues shall become effective in the calendar month during which the "Authorization for Check-off of Dues" form, properly filled out and signed by the employee, is submitted to the Company by the Local Union before the twentieth (20th) day of the month. If such forms are received on or after the twentieth (20th) day of the month, deductions shall become effective in the first payroll period of the subsequent month.

Payroll deductions of Union membership dues will be made from the last full workweek of the month and shall be taken from the first payday of the following month. Dues will also be deducted during the month from any regular Supplemental Unemployment Benefits payment. All such sums deducted by the Company shall be remitted to the Local Union Financial Secretary no later than the fifteenth (15th) day of the month. The Company will furnish to the Local Union the identity of employees for whom payroll or Supplemental Unemployment Benefits payment dues deductions are made. Such list will be furnished not later than the work day following pay day.

Article 2, Section 5

No payroll or Supplemental Unemployment Benefits deduction of Union membership dues shall be made from the earnings of any payroll period in which the employee's earnings after deducting taxes and other deductions required by law are insufficient to cover the full deduction for such payments. Amounts not deducted in any payroll period in a month due to lack of earnings or for any other reason will be deducted, to the extent earnings are available, in the last payroll period commencing in that month, but in no event will the deduction of membership dues be deferred beyond the calendar month in which such membership dues are initially owed.

Once each month, the Company will forward to the Local Union Financial Secretary a listing of employees' names and badge numbers indicating the reason for failure to include any sum or sums which would ordinarily have been checked-off from the wages or Supplemental Unemployment Benefits payment of the employees on the list under the provisions of this section.

- (b) Any employee rehired after a loss of seniority status shall execute a new check-off authorization prior to any deductions of dues or initiation fees by the Company pursuant to this Article.

ARTICLE 3 - REPRESENTATION

Representation provisions are contained in the respective Local Supplemental Agreements. Article 3, Section 6

ARTICLE 4 - NOTIFICATION

SECTION 6.

The Union shall furnish the Company with a list of those employees elected to represent the Union as set forth in Article 3 of the respective Local Supplemental Agreements.

Article 4, Section 6

The Union will also furnish a list of the names of all officers of the Local Union referred to in Article 3 or Article 6 of the respective Local Supplemental Agreements.

SECTION 7.

The Company shall furnish the International Union and the respective Local Unions with lists of the names of all employees in the respective bargaining units together with their last known mailing addresses as reflected in the Company's personnel records. Mailing lists will be provided in a reasonable timeframe upon request and it is understood that their use shall be restricted to appropriate Union purposes and the information shall not be disclosed to any third party.

ARTICLE 5 - GRIEVANCE PROCEDURE

The time limits specified throughout the grievance procedure may be extended by written mutual agreement.

SECTION 8, STEP ONE.

Any employee or a designated member of a group of employees having a grievance, should first discuss the grievance with the appropriate supervisor, who will attempt to adjust it. The employee may choose to first discuss the grievance with the appropriate Local Union representative, in which event the discussion with the supervisor may thereafter be carried on by the employee, or by the appropriate Local Union representative, or by both. After the services of the appropriate Local Union representative have been requested, the supervisor shall not discuss the grievance with the grievant unless the Union Representative is present.

If the grievance is not satisfactorily resolved after discussion, then it shall be reduced to writing, on forms provided by the Company, signed by the employee and/or the appropriate Local Union representative.

Article 5, Section 8

The grievance shall be presented to the appropriate supervisor who shall acknowledge receipt thereof by signing and dating the form in the space provided, returning the appropriate copies to the Union Representative. The Union Representative shall give a copy of the grievance form to the employee.

The supervisor shall respond in writing on a Company supplied form, within two (2) working days after receipt of the grievance. The supervisor shall sign and date the grievance answer form and give all copies to the appropriate Union Representative.

The Union representative shall accept or reject the supervisor's answer, in writing, sign and date the grievance answer form and return the appropriate copies to the supervisor.

Any Article, Section or Agreement relied upon in the grievance or grievance answer should be noted on each form; however, failure by either party to include this information or the inclusion of inapplicable information shall not prejudice either party's position.

SECTION 9. STEP TWO.

A written grievance which is not satisfactorily resolved by the written answer of the supervisor shall be taken up by the appropriate Local Union representative with the person designated in the applicable Local Supplemental Agreement as the Company's Step 2 representative. The Company's Step 2 representative will give written answers to all written grievances submitted to him. If the written grievance is not satisfactorily resolved within four (4) working days after submission to this step, then it shall be taken up with the Human Resources Manager for the facility by the Local Union Committee.

SECTION 10. STEP THREE.

The Local Union Committee shall advise the Human Resources Manager in writing, of their desire to discuss a

Article 5, Section 10

specified grievance or grievances, which were unresolved at Step 2 or were not required to be reviewed at Step 2, e.g. policy grievance. The Human Resources Manager will meet with the Local Union Committee within three (3) days from the date of the receipt of notice, and will meet by mutual agreement thereafter, so long as any of the specified grievances remain unresolved.

The Human Resources Manager will give written answers to the written grievances submitted to him within five (5) working days after the meeting at which the grievance is discussed. Wherever the term "Human Resources Manager" is used in this Article, it shall also refer at all units to the designee of the Human Resources Manager who shall have the same authority to resolve grievances as the Human Resources Manager. The Local Union Committee may have the assistance of the International Representatives of the Union at this meeting and thereafter.

If the grievance is not satisfactorily resolved at this step, then the Local Union Committee may appeal the grievance in writing to the Review Step within thirty (30) calendar days from the date of receipt of the Company's written Third Step answer. The appeal is to be forwarded to the local Human Resources Manager.

SECTION 11. REVIEW STEP.

- (a) Any grievance properly appealed to the Review Step of the grievance procedure shall be reviewed by the Parties in accordance with the provisions of this Section. In the case of properly appealed grievances involving discharge, the Review Step representatives shall arrange a meeting within two (2) weeks after receipt of notice.
- (b) The Corporate Director of Employee Relations or designated representative, the designee of the Regional Director and/or the Mack Trucks Department Representative of the UAW will meet as necessary to hear grievances placed in the Review Step. Each of the Review Step representatives may include the

Article 5, Section 11

participants deemed necessary to provide a factual discussion of the grievance.

- (c) The Company's Review Step Representative shall give a written answer to all grievances discussed at the Review Step, within ten (10) working days of a Review Step meeting. The Union's Review Step Representative will set forth, in writing, the Union's response to the written disposition of all grievances, within ten (10) working days of receipt.
- (d) Any dispute which is not settled by the foregoing grievance procedure, may be submitted to arbitration. Within thirty (30) days of rejecting the Review Step answer, the Union shall appeal the grievance to arbitration by giving written notice to the Corporate Director of Employee Relations. Any grievance which is not submitted to arbitration within this time period shall be considered settled on the basis of the last answer and not subject to further consideration.
- (e) The Review Step may be waived by mutual agreement of the responsible Review Step representatives designated above. The Parties may, by mutual agreement of the responsible Review Step representatives, submit an unresolved grievance to mediation in lieu of or in addition to the Review Step of the grievance procedure. The purpose of mediation is to provide guidance to the Parties in reaching an agreement to resolve a specific issue. The opinion of the mediator is not binding on the Parties nor may it be referenced in any arbitration nor may it be referenced in any adjudication. The Parties will select as a mediator either the permanent arbitrator pursuant to Article 5, Section 12 (a) or utilize the process for selecting a temporary arbitrator pursuant to Article 5, Section 12 (b). Either Party may decline to utilize the permanent arbitrator as a mediator or as arbitrator for an issue heard as a mediator and the permanent arbitrator may decline to serve as a mediator or may excuse him/herself from serving as arbitrator for an issue heard as mediator. The Company and the Union shall bear

Article 5, Section 12

SECTION 12. ARBITRATION

equally the costs, fees and expenses incidental to proceedings before the mediator.

- (a) The Parties shall designate a permanent arbitrator to serve for a period of one year. A permanent arbitrator may be terminated by mutual agreement at any time and a new permanent arbitrator selected. The one year term may be renewed for subsequent one year terms on an annual basis.
- (b) During any period when the permanent arbitrator is unavailable or when mutual agreement has not been reached on a permanent arbitrator, arbitration cases shall be heard by temporary arbitrators selected in accordance with the following procedure.
 - (1) The American Arbitration Association shall, within thirty (30) days following the date of receipt of the Union's written Notice of Appeal to Arbitration be requested by the Union to submit the names of three (3) candidates. In the event the Union fails to make the request within the aforementioned time period, the grievance shall be considered settled on the basis of the last answer and not subject to further consideration.
 - (2) If the Company and the Union cannot agree upon the selection of any of these three (3) candidates as arbitrator within ten (10) days from the date the names are submitted by the American Arbitration Association, each party shall have the privilege of rejecting one (1) of the three (3) names and the remaining candidate shall be the arbitrator.
- (c) Neither Party shall be called upon to submit to arbitration unless the foregoing procedure for the appointment of an arbitrator has been followed.
- (d) The arbitrator is not empowered to hear any grievance which has not been the subject of written notice as

Article 5, Section 12

provided above unless both parties agree to the submission of such grievance.

- (e) The power of the arbitrator stems from this Agreement, and the arbitrator's function is to interpret and apply this Agreement and any other agreement which the parties may enter into supplemental thereto. The arbitrator shall have no power to add to, or subtract from or modify, any of the terms of this Agreement or any of the terms of any agreement which may be supplemental thereto, except as such power may be conferred upon the arbitrator by any of the provisions of this agreement.

The decision of the arbitrator shall be final and binding upon the Company, the Union and the employees.

- (f) The Company and the Union shall bear equally the cost, fees and expenses incidental to proceedings before the arbitrator.

The procedure for hearing disputes referred to the arbitrator shall be left to the discretion of the arbitrator after consultation with the Parties.

SECTION 13.

- (a) The Company shall pay the President of the Local Union or the Vice President in the absence of the President for time spent in attendance at meetings with Company representatives (excluding meetings with supervisors) or arbitration proceedings. Such payment shall be at the regular paid rate.
- (b) The Company shall pay an employee on the active payroll for time required to testify at arbitration proceedings. Such employees shall be paid their regular paid rate.

Article 5, Section 14

SECTION 14.

The foregoing provisions shall not deprive any employee or employees of the employee's rights under Section 9 (a) of the National Labor Relations Act.

SECTION 15.

All grievances shall be presented within thirty (30) working days of the date of the occurrence upon which the grievance is based. Days during which the employee is justifiably absent shall not be considered in computing the thirty (30) day period. If the Union has been notified by the Company in accordance with Local practice of any layoff or recall, any grievance must be filed within the thirty (30) day period.

SECTION 16.

The Parties will continue to meet from time to time to discuss matters of mutual interest.

SECTION 17.

The Company will make every effort to pay settlements for settled grievances when all information has been properly verified, not later than the second pay period following receipt of the information. A copy of the letter authorizing payment will be given to the Local Union.

ARTICLE 6 - SENIORITY

SECTION 18.

- (a) The first sixty (60) work days of continuous employment shall be a probationary period during which time an employee may be terminated without recourse. There shall be no obligation on the part of the Company to recall a probationary employee laid off because of a reduction in force. The seniority of employees retained by the Company beyond the

Article 6, Section 18.

probationary period shall date from the date of hire. If a probationary employee is not making satisfactory progress during his probationary period and faces the risk of release, the appropriate Local Union representative will be notified by the Company so that he may provide to the probationary employee whatever counseling may be necessary or appropriate. In the event a probationary employee is released, prior to obtaining seniority, the Company shall promptly notify the appropriate Local Union representative.

- (b) Days on which an employee is absent shall not be counted in accumulating the sixty (60) work days referred to above. However, when an employee has completed sixty (60) work days, the seniority date shall be the employee's date of hire. An employee's sixty (60) work days must be accumulated within a period of one (1) year following the date of hire.
- (c) If an employee is terminated due to a reduction in force during the probationary period and is subsequently rehired by the Company within a one (1) year period following the original date of hire, such employee may acquire seniority by working a number of days which, when added to the number of days worked in such employee's prior period of employment, will equal sixty (60). In such case, the employee's seniority date shall be established by counting back sixty (60) work days beginning with the day on which such employee completed sixty (60) days of work.
- (d) The seniority order of employees hired after the effective date of this Agreement who commence work on the same date shall be determined by using the last four digits of each employee's social security number (i.e., the employee with the lower number shall be deemed to have the greater seniority).
- (e) In the event of a transfer of employees with the same seniority date from one facility of the Company to another, the relative order of seniority established at the facility from which they transferred shall be preserved. Employees who are already at the facility to

Article 6, Section 18

which such jobs are transferred who have the same seniority as the transferred employees, shall be deemed to have the greater seniority. Employees who transfer in from different facilities, at the same time, with the same seniority date, shall have their relative seniority order established in accordance with paragraph (d) above. Employees who transfer from other Company facilities on the same date shall have greater seniority than new hires, if their respective date of transfer and date of hire are the same.

- (f) Seniority shall continue to accumulate during periods of layoff up to the maximum period of layoff provided in Section 19 below.
- (g) For the purposes of layoff, recall or the filling of vacancies, a new employee must complete sixty (60) work days of active employment in any one year, even though not consecutive.
- (h) An employee who has accumulated less than sixty (60) work days in one year, shall be deemed to possess no seniority rights for any purpose. If such employee is rehired or retained in the Company's employ after such year, the employee shall be required to accumulate active employment without reference to the prior employment, in order to attain seniority status. A new year for the purposes of acquiring complete seniority under this Section, shall commence with the date of rehire.

SECTION 19. LOSS OF SENIORITY.

Seniority shall be lost for any of the following reasons:

- (a) Voluntary resignation.
- (b) Discharge for just cause.

Article 6, Section 19

(c) If an employee has been laid off or notified not to report to work on a particular day and fails to return to work within five (5) working days after proper notification has been delivered to the employee, unless a reasonable excuse can be furnished. Notification shall be in writing delivered to the employee in person or sent to the employee by registered mail, return receipt requested or by certified mail. The Company shall be entitled to rely upon the address shown in the records of its personnel office. If an employee is unavailable for such delivery at such address, such employee shall notify the Company in writing of the reason for such unavailability and notify the Company of the date on which the employee will be available for such delivery. Proper reason for non-availability shall constitute a reasonable excuse for failure to report. The Company will acknowledge in writing to the employee receipt of such information.

(d) If the employee is absent for five (5) consecutive working days without satisfactory cause.

(e) If, having satisfactory cause, the employee is absent for five (5) consecutive working days without giving notice to the Company's personnel office of the reason for such absence. No employee shall lose seniority for failure to give such notice if the employee submits a reasonable excuse for such failure. The employee shall receive written acknowledgment of the notice required by this Section.

(f) (1) Retirement in accordance with the Pension Agreement, except for employees receiving permanent and total disability benefits.

(2) Acceptance of severance payments under the Supplemental Unemployment Benefits Plan and Severance Pay Plan.

(g) In the case of an employee with seniority who has been employed six (6) months or less if the employee has been laid off twelve (12) consecutive months.

Article 6, Section 19

- (h) In the case of an employee who has been employed more than six (6) months but not more than two (2) years if the employee has been laid off for twenty-four (24) consecutive months.
- (i) In the case of an employee who has been employed more than two (2) years if the employee has been laid off for a period equal to such employee's seniority upon the date of such layoff.
- (j) The acceptance by an employee of a supervisory or non-bargaining unit position.

SECTION 20.

Notice of loss of seniority will be given to the Local Union and to the employee involved at the employee's last known address, in writing, immediately upon an entry to that effect being made in the personnel records of the Company. The notice to the Local Union will include the employee's telephone number unless designated as an unlisted number, badge number, certified mail number and last address of record.

SECTION 21.

Seniority lists shall be prepared and furnished to each member of the Local Union Committee and four (4) additional copies to the Local Union who shall make them available for the inspection of employees and other Local Union Officials. Seniority lists shall be revised quarterly by the Company and shall be so arranged that the employee with the highest seniority shall be first on the list and the employee with the lowest seniority shall be the last. The Local Union will receive quarterly a seniority list showing employees laid off. In the event of special elections, the Company will provide a seniority list for the use of the election committee when sufficient advance notice is received from the Local Union.

SECTION 22. MASTER RECALL LIST.

A Master Recall List will be developed to expand employment opportunities for eligible employees from any of the bargaining units covered by the respective Local Supplemental Agreements who are on layoff for any reason, and for eligible employees affected by a facility closing or partial closing.

(a) Eligibility for Inclusion on the Master Recall List:

- (1) Employees with seniority (as defined in this Article) who have been laid off from a bargaining unit covered by the respective Local Supplemental Agreements.**
- (2) Employees who are placed on layoff due to a facility closing after the effective date of this Agreement.**
- (3) Employees who are placed on layoff as a direct result of a partial facility closing (excluding layoff in lieu of transfer) after the effective date of this Agreement. A partial facility closing is defined as, the elimination of work as a direct result of a single event of the sale, transfer, or permanent discontinuance of a product line or business segment which will cause a permanent reduction in force of the lesser of twenty percent (20%) or one hundred and fifty (150) employees in the bargaining unit then on the active payroll, or an aggregate reduction of 30 percent or more from the active bargaining unit payroll as of the effective date of this Agreement resulting from a series of events as described above.**

Article 6, Section 22

- (b) Each eligible employee will be placed on the Master Recall List automatically unless the employee notifies the Company, in writing, that he does not desire to be included.
- (c) Placement of employees from the Master Recall List will be accomplished in the following manner:
 - (1) When an employee becomes eligible to be placed on the Master Recall List, the employee will be asked to identify his qualifications in order to be considered for placement:
 - (i) On first open job qualified to perform at any operation covered.
 - (ii) Only on first open job qualified to perform at up to three specific identified operations covered.
 - (2) The determination of qualifications in (1)(i) and (1)(ii) above shall include consideration of all prior work experience, demonstrated skill, ability, and other normal hiring standards. Pre-employment tests shall not be required.
 - (3) The most senior qualified employee on the Master Recall List will be offered placement on an open job at a Company operation after all qualified employees at that operation have been recalled from layoff.
 - (4) Once an employee who is on the Master Recall List, as a result of a facility or Partial Facility Closing, has been placed at a Company operation on an open job, the employee will carry his/her previous bargaining unit seniority to the new bargaining unit. The employee's recall and seniority rights at the home operation will be terminated.

Article 6, Section 22

- (5) Once an employee who is on the Master Recall List as a result of being eligible by the terms of (a) (1) above, has been placed at a Company operation on an open job, the employee will take day one seniority in the new bargaining unit and will retain recall rights to his/her prior bargaining unit.
 - (6) An employee who is on the Master Recall List as a result of a facility or Partial Facility Closing and who has been transferred to a new unit based on the procedures in (c) (4) above will be eligible for relocation allowance in Appendix D.
- (d) Employees will be removed from the Master Recall List as follows:
- (1) When an employee receives a job placement at a UAW operation as a result of the above procedures or is recalled to his/her home bargaining unit.
 - (2) If an employee refuses a job offer that resulted from the implementation of the procedures in the Master Recall List, the employee will retain his seniority rights in the bargaining unit from which he was placed on layoff status.
- (e) General
- (1) The Company will not entertain any grievances on back-pay liability as a result of the implementation of the provisions of the Master Recall List. If an employee identifies an error in placement, the Company will correct it in the next available job opening to be filled through the Master Recall List.

Article 6, Section 19

- (2) Recognizing the potential delay inherent in the transfer and relocation of employees between operations, and the critical time requirements of production schedule increases, the Company retains the right to fill job openings at the receiving UAW location by temporarily assigning employees currently employed at the receiving location. This temporary assignment of manpower will be made without regard to the provisions of the Local Supplemental Agreement on Seniority. In no case will a grievance be entertained by the Company as a result of this temporary assignment. The appropriate wage payment provisions in the relevant Local Supplemental Agreement will apply to temporary assignment.
- (3) The Company will provide a copy of the current Master Recall List to the UAW-Mack Trucks Department and to the Chairman of the respective bargaining units covered under the Local Supplemental Agreements on a quarterly basis.

SECTION 23.

Additional provisions regarding Seniority may be found in the respective Local Supplemental Agreements.

ARTICLE 7 - LAYOFF AND RECALL

Layoff and Recall provisions are contained in the respective Local Supplemental Agreements.

ARTICLE 8 - POSTING NEW JOBS OR VACANCIES

Job placement provisions are contained in the respective Local Supplemental Agreements.

Article 9

ARTICLE 9 - TRANSFER OF SHIFT

Transfer of shift provisions are contained in the respective Local Supplemental Agreements.

ARTICLE 10 - LEAVES OF ABSENCE

SECTION 24. SICK LEAVE.

- (a) An employee who shall become incapacitated by occupational injury or illness, and whose claim of injury or illness is supported by evidence satisfactory to the Company physician, shall be granted sick leave during continuing disability, without loss of, or interruption of, seniority.
- (b) An employee who shall become incapacitated by non-occupational injury or illness, and whose claim of injury or illness is supported by evidence satisfactory to the Company physician, shall be granted a sick leave during the employee's continuing disability, provided, however, that such leaves shall be subject to the following conditions relating to accumulation of seniority, and further provided that no employee shall lose seniority because of continuing disability exceeding the period the employee's seniority is permitted to accumulate under subsection (1), (2) and (3) below:

Article 10, Section 24

- (1) A seniority employee with less than one (1) year of seniority shall continue to accumulate seniority during sick leave for a period of one (1) year; at the end of this period such accumulation shall cease.
 - (2) An employee with one (1) but less than two (2) years' seniority shall continue to accumulate seniority during sick leave for a period of two (2) years; at the end of this period such accumulation shall cease.
 - (3) An employee with two (2) or more years' seniority shall continue to accumulate seniority during sick leave for a period equal to the length of the employee's seniority upon the date the leave commences; at the end of this period such accumulation shall cease.
 - (4) An employee returning to work after a period of disability in excess of that provided in subsections (1), (2) and (3) above, shall return with the seniority accumulated as set forth above and shall have their seniority date adjusted accordingly.
- (c) Upon request from the employee, the Company physician will furnish to the employee's physician a copy of the Company physician's report with reference to the physician's examination of the employee applying for sick leave.
 - (d) The Company may require the submission of quarterly statements from the employee's physician as to such employee's condition.
 - (e) When an injured or sick employee is sent home from work, the Company shall notify the appropriate Local

Article 10, Section 24

Union representative as soon as possible, but in any event within twenty-four (24) hours.

- (f) When employees are hurt in the course of their work and must lose time from work to visit the Company doctor or first aid, their regular rate will be paid for lost time going to and coming from the doctor's or first aid office. In the event that the medical professional sends the employee home, such employee shall be paid for the balance of the shift at their regular rate.
- (g) Any employee who has been incapacitated at such employee's regular work by sickness or injury may be employed by the Company at other work in the facility which is available and which the employee is able to do, and every reasonable effort shall be made by the Company to find such employment for the employee. In the event of any layoff, such employee may be retained regardless of seniority and shall be exempt from the seniority provisions of this Agreement in that respect. The Company will notify the Union in case it retains any employee in accordance with the provisions of this subsection out of line of seniority, and the propriety of such retention may be questioned by the Union. The incapacity referred to herein must be such as to substantially prejudice the employee's opportunity of securing other employment. In connection with discussions regarding this Section, it was agreed that employees who suffer the loss, or the loss of the use of, an eye, limb, three fingers or thumb as the result of an injury incurred while at work, shall have preferential seniority rights over all other employees within their bargaining unit, except union officers, as long as there is work to be performed that they can perform.

SECTION 25. PERSONAL LEAVE OF ABSENCE.

- (a) Upon two (2) weeks' written notice on a form provided by the Company, leaves of absence not to exceed two (2) weeks shall be granted, without loss of seniority, to

Article 10, Section 25

employees who have less than seven (7) years of seniority with the Company. Such leaves of absence, not to exceed four (4) weeks, shall be granted to employees having seven (7) years or more of seniority with the Company. Personal leave of absence will be granted only under the following conditions:

- (1) All vacation time off (except casuals) has been exhausted, and
- (2) Provided that the manning does not fall below, for whatever reason, the minimum manning established for vacation purposes or,
- (3) By mutual agreement.

The requirement of two (2) weeks written notice shall not apply in cases of emergency.

- (b) Leaves of absence may be extended by mutual agreement between the Company and the Union and in such cases seniority shall continue to accumulate.
- (c) If, in the opinion of the Company, the granting of such leaves at the time requested would seriously interfere with the Company's operations, the Company may bring such facts to the attention of the Union and such leaves may be postponed by mutual agreement between the Company and the Union. In no case may an employee utilize a leave of absence for a period for which vacation has been requested and denied.
- (d) The leave of absence application form shall contain a space for indicating the reason for the requested leave, and employees shall be required to state such reason on the form.
- (e) Employees recalled to work shall not be eligible for a leave of absence for a period of two (2) weeks from the time of their return except by mutual agreement between the Company and the Union. In cases where such leave is granted by mutual agreement, the period

Article 10, Section 25

of leave shall not be considered as time worked for any purpose other than retention of seniority.

- (f) The allowances for personal leaves of absence under this Article shall refer to periods terminating on January 1 of each year of this contract.

SECTION 26. UNION AND ELECTIVE OFFICE LEAVE.

Upon application, the Company will grant a leave of absence to such of its employees who are elected or appointed to office in the International Union or the Local Union, or who are elected or appointed, without regard to geographical location, to a municipal, state or federal office, provided the Company is furnished with written certification of such appointment to a municipal, state or federal office, for a period of one (1) year without loss of seniority. Such leaves of absence may be renewed from year to year with seniority accumulating. Upon the expiration of such leave of absence, the employee on such leave of absence under this Section shall be returned to the employee's job in line with the employee's seniority and shall receive the rate of pay prevailing for that job. The renewal will not be necessary for elected or appointed offices of the International Union with the understanding that the Union will notify the Company, to the extent possible, thirty (30) days in advance of the expiration of such leave(s).

SECTION 27. FAMILY AND MEDICAL LEAVE

- (a) The Family and Medical Leave Act (FMLA) entitles eligible employees to up to twelve (12) weeks of unpaid leave per year if they have one (1) year of Company service and have worked at least 1,250 hours during the twelve (12) month period immediately preceding the leave. The leave shall be granted for the following purposes:

- (1) To care for the employee's child after birth or placement of a child with the employee for adoption or foster care.

Article 10, Section 27

(2) To care for the employee's spouse, child or parent who has a serious health condition.

(3) For a serious health condition that makes the employee unable to perform the essential functions of his position.

(b) Employees must provide at least thirty (30) days advance notice in writing when the leave is anticipated. If the leave is not anticipated, the employee must give notice in writing as soon as practical.

(c) Benefits:

(1) Company-provided Group Life Insurance and Health Benefits shall be continued under the same conditions as though the employee was actively at work.

(2) A husband and wife who are both employed by the Company shall each be allowed to take up to twelve (12) weeks of FMLA leave to care for the other if seriously ill and unable to work, to care for a child or parent with a serious health condition or for his or her own illness. The couple shall be limited to a combined total of twelve (12) weeks if the leave is taken for the birth, adoption or the placement of a child in foster care.

(3) Company-provided sick leave (short- or long-term) shall not be integrated with the FMLA leave.

(d) General FMLA Provisions:

(1) Employees shall continue to accumulate seniority while on an FMLA leave as provided for in the Collective Bargaining Agreement.

(2) Employees may elect to use accrued and/or unused vacation during the FMLA leave.

SECTION 28. GENERAL PROVISIONS FOR ALL FORMS OF LEAVE.

- (a) At the time an employee applies for a leave of absence, such employee states that the reason for such leave is to engage in gainful employment elsewhere, such leave of absence shall be denied. If an employee engages in gainful employment while on any leave of absence from the Company, such employee may be subject to discharge in accordance with the provisions of this Agreement. The leave of absence application form shall contain a statement to the above effect. The gainful employment prohibited under this subsection shall not include employment in the offices referred to in Section 26 of this Article. Moreover, an employee on sick leave who engages in outside part-time or light employment shall not be subject to the restriction against outside gainful employment provided that the employee furnishes proof to the Company no later than one (1) week after commencing such outside employment that such outside employment is recommended by the employee's physician as a substitute for full time or regular work, and provided further that the Company cannot provide such employee with light employment as recommended by such physician. The recommendation of the employee's physician may, at the Company's option, be subject to the approval of the Company's physician. Outside part-time or light employment shall not be subject to the restriction against outside gainful employment provided that the employee furnishes proof to the Company no later than one (1) week after commencing such outside employment that such outside employment is recommended by the employee's physician as a substitute for full time or regular work, and provided further that the Company cannot provide such employee with light employment as recommended by such physician. The recommendation of the employee's physician may, at the Company's option, be subject to the approval of the Company's physician.

Article 10, Section 28

- (b) An employee who does not return from a leave of absence upon the expiration thereof, except in cases of employees whose leaves of absence are renewed or extended in accordance with the provisions of this Article, shall be in the same position as an employee who has been absent from work for five (5) consecutive days without satisfactory cause under the provisions of Article 6, Section 19 (d) and (e) hereof.
- (c) Written notice of the terms of the leave of absence of an individual employee will be given to the employee and the Local Union.
- (d) An employee returning from any leave of absence shall be returned to the job such employee left in accordance with local practice. If seniority does not permit a return to the job vacated, such employee shall be permitted to exercise seniority in accordance with the provisions of Article 7 of the appropriate Local Supplemental Agreement. If the employee has become incapable of performing the job the employee left, such employee shall be placed on an open and available job which such employee is capable of performing, or in the absence of such job, the job such employee shall be entitled to, if any, shall be determined in accordance with local practice, or, if there is no practice, by mutual agreement.

SECTION 29.

Additional administrative provisions and Local application may be found in the respective Local Supplemental Agreements.

ARTICLE 11 - MILITARY PROVISIONS

SECTION 30. MILITARY LEAVES OF ABSENCE.

- (a) An employee voluntarily enlisting in the military services of the country for the first time only, conscripted to perform military duties in the services of

Article 11, Section 30

the country, or being a member of the National Guard or the Organized Reserve ordered to active duty, shall retain seniority and accumulate seniority during such service and shall be reinstated in the employee's regular position in the seniority list at the expiration of the term of service provided the employee is qualified and able to do available work in line with the employee's seniority and makes application for reinstatement within ninety (90) days after release from service, or, if the employee is disabled at the expiration of the employee's term of service, within ninety (90) days after the termination of the disability, and provided further that the employee furnishes a certificate of satisfactory completion of service unless an exception to this requirement is made by mutual agreement between the parties hereto.

If the parties fail to agree on making such an exception, the question of whether the Company is unreasonable in refusing to make an exception may be submitted to the arbitrator selected in the usual manner. In considering the reasonableness or unreasonableness of the Company's position, the arbitrator shall consider all the facts and circumstances, including the following reasons for failure to receive a certificate of satisfactory completion of military service and the effect of such reasons upon the employee's employment qualifications; mutual recognition by the parties that a person who committed an offense may have been rehabilitated and that such person should not be deprived of an opportunity for gainful employment; the impact upon operations and morale; and security regulations.

- (b) An employee who enters military service while in a laid off status shall be entitled to remain on military leave of absence until reinstatement on the seniority list in accordance with the provisions of Section 30 (a) above, without regard to whether recall rights would have expired during the employee's military service. Although not required by law or this Agreement, employees covered by this Subsection are expected to

Article 11, Section 30

notify the Company at the time of their entrance into military service.

- (c) An employee who returns to work under the provisions of this Section shall have the right to exercise seniority in any new classification created during such absence provided such employee's seniority is greater than the seniority of the employee displaced and such employee is qualified to perform the job.
- (d) If an employee covered by Section 30 (a) and (b) returns to the employee's former job, such employee shall receive the rate of pay the employee would have received had such employee remained in such job, including all progression and general increases. If such employee returns to a different job, such employee's rate shall be determined as though the employee has returned to such employee's former job and had been immediately transferred to the job in which the employee is placed in accordance with the provisions of this Agreement, including all progression and general increases.

SECTION 31. MILITARY BONUS.

Upon the first occasion of terminating active employment to enter military service, the Company will grant a bonus of two (2) weeks pay computed on the basis of average hourly earnings for the preceding four (4) weeks to an employee who has at least one (1) year seniority, and shall grant a bonus of one (1) week's pay computed in the same manner to employees having more than six (6) months but less than one (1) year seniority. The provisions of this Section shall not apply in the following instances:

- (a) When an employee is called to "active duty for training" under the Armed Forces Reserve Act of 1952, as amended.
- (b) When an employee, being a member of the National Guard or the Organized Reserve, is ordered to active duty at a time other than a period of national emergency.

Article 11, Section 32

SECTION 32. VACATION PAY

- (a) Upon termination of active employment to enter military service, an employee covered by Section 30 (a) and (b) of this Article, shall receive, in addition to any payment provided for in Section 31 above, proportionate vacation pay for time worked from the start of the vacation credit year to the date such employee ceases work in accordance with the provisions of Article 15.
- (b) An employee covered by Section 30 (a) and (b) of this Article returning to active employment from military service in accordance with the provisions of this Article shall, on the date upon which the vacation take year commences, be eligible to receive proportionate vacation pay for time worked from the date of the employee's return to active employment to the date upon which the vacation take year commences in accordance with the provisions of Article 15.

SECTION 33. NATIONAL GUARD SERVICE PAY.

With respect to all employees, the Company will pay such employee the difference between National Guard or Organized Reserve Duty Pay. The amount of National Guard or Organized Reserve Duty Pay shall be determined by the Company on the following basis: The total National Guard or Organized Reserve Duty Pay shall be divided by the actual number of days such employee spends in the National Guard or Organized Reserve. The result thereof shall be multiplied by up to and including fourteen (14) days within a calendar year. Earnings will be computed at base rate plus COLA. Pay will be computed on a basic forty (40) hour week. Such employee must present a statement of earnings from the employee's Commanding Officer to the Personnel Office in order to secure the adjustment. An employee who takes the two (2) weeks' encampment during the employee's vacation period will only receive normal vacation pay for this period. In the event an employee is required to take encampment during a vacation shutdown, the employee shall be given the opportunity, subject to the provisions of Article 15 of the appropriate Local

Article 11, Section 33

Supplemental Agreements, to take vacation at another time during the balance of the vacation period and shall receive vacation pay immediately prior to the vacation week or weeks selected. Employees who perform "emergency duty" will be paid for the time involved but not to exceed a total of thirty (30) days in any calendar year with pay computed as above.

SECTION 34. PEACE CORPS.

Sections 30 and 32 of this Article 11 shall also be applicable to employees entering into full-time service with the Peace Corps.

ARTICLE 12 - HOURS OF WORK

SECTION 35.

- (a) The normal work week shall consist of forty (40) hours of work.
- (b) It shall be made up of five consecutive days, Monday to Friday inclusive, each week.
- (c) Eight (8) consecutive hours of work each day except for lunch periods shall constitute the normal working day.
- (d) The regularly scheduled work week shall commence Monday morning of each week at the hours specified in the respective Local Supplemental Agreements.
- (e) Specific application of the Hours of Work provision are continued in the respective Local Supplemental Agreements.

SECTION 36.

- (a) The starting times specified in the Local Supplemental Agreements may be varied by mutual agreement but not otherwise except on account of breakdowns,

Article 12, Section 36

material shortages, overtime requirements or other good cause. In case a change shall become necessary, the Company and the Union shall attempt to reach agreement on the change. If no agreement is reached, the change shall become effective, but its propriety shall be subject to the grievance procedure.

- (b) In addition to the factors set forth in (a) above, the Company in determining the reasonableness of the change of shift will also consider all the existing circumstances including the provisions of the Master Agreement, and the availability of employees working outside their home spots consistent with operating and production requirements. This Section relating to changes in starting time of a shift shall not restrict the right of the Company to schedule overtime work subject to the provisions of this Agreement.
- (c) In the event the Company violates the provisions of this Section by not attempting to reach agreement on a change of a specified starting time, or by affecting a change which is unreasonable, the maximum remedy shall be payment of an amount equal to overtime premium for any hours worked outside the regular shift hours of the shift affected multiplied by the number of employees actually working such hours. Such payment shall be proportionately divided among the employees adversely affected, or if none are affected or if there is a balance remaining after such proportionate payment, to the employees actually working on the affected shift during the hours outside the regular shift hours. This payment shall be in the nature of a penalty and shall not effect the seniority or recall status of any employees who receive such payment. Such penalty premium shall be in addition to regular overtime premium payments, computed in the usual manner.

ARTICLE 13 - OVERTIME

SECTION 37.

Employees' pay shall be computed and paid at one and one-half (1.5) times the regular rate for hours worked in the following cases:

- (a) For work performed in excess of eight (8) hours in any working day except for lunch periods.
- (b) For work performed in excess of forty (40) hours in any working week. It shall be understood that no employee shall receive both daily and weekly overtime pay for the same overtime hours.
- (c) For all work performed on Saturday.
- (d) For work performed by an employee prior to the regular starting time of the shift when the employee is requested to report for work prior to such time and is not afforded an opportunity of working until the regular quitting time of the shift.
- (e) For work performed by an employee during the regularly scheduled lunch period for the employee's shift when the employee is requested by the Company to work during such lunch period. An employee so working during the employee's regularly scheduled lunch period shall be entitled to a lunch period after the required work is completed. This sub-paragraph shall not apply to continuous shifts.

Article 13, Section 38

SECTION 38.

Employees shall receive double time for all work performed on Sundays. In the event an employee is requested to come in prior to the agreed starting time for the employee's shift on Monday, such employee shall receive double time for the time preceding the employee's regular starting time.

SECTION 39.

Appropriate overtime records shall be maintained by the supervisors and made available for inspection by appropriate Local Union representatives.

SECTION 40.

The Company shall give the Local Union notice of weekend overtime requirements by two-thirty (2:30) p.m., Thursday, to the extent possible.

SECTION 41.

When the Company calls in a Local Union representative to act as such after that person's regular shift hours, payment shall be on an overtime basis.

SECTION 42.

Should an employee miss an overtime turn due to a requirement to serve on active duty with the National Guard or organized reserve, the government regulation providing for the opportunity to make up such missed turn shall be followed upon the request of such employee upon the employee's return to work.

SECTION 43.

Additional provisions relating to this Article are contained in the respective Local Supplemental Agreements.

Article 14, Section 44

ARTICLE 14 - HOLIDAYS

SECTION 44. HOLIDAY SCHEDULE. -

(a) Recognized holidays for the contractual year
October 2, 2001 to October 1, 2002:

<u>Monday</u>	<u>November 12, 2001</u>	Veterans Day
<u>Thursday</u>	<u>November 22, 2001</u>	Thanksgiving
<u>Friday</u>	<u>November 23, 2001</u>	Thanksgiving
<u>Monday</u>	<u>December 24, 2001</u>	Christmas
<u>Tuesday</u>	<u>December 25, 2001</u>	Christmas
<u>Wednesday</u>	<u>December 26, 2001</u>	Christmas
<u>Thursday</u>	<u>December 27, 2001</u>	Christmas
<u>Friday</u>	<u>December 28, 2001</u>	Christmas
<u>Monday</u>	<u>December 31, 2001</u>	Christmas
<u>Tuesday</u>	<u>January 1, 2002</u>	New Year's Day
<u>Monday</u>	<u>January 21, 2002</u>	Martin Luther King, Jr. Day
<u>Friday</u>	<u>March 29, 2002</u>	Good Friday
<u>Monday</u>	<u>May 27, 2002</u>	Memorial Day
<u>Thursday</u>	<u>July 4, 2002</u>	Independence Day
<u>Monday</u>	<u>September 2, 2002</u>	Labor Day

Article 14, Section 44

- (b) Recognized holidays for the contractual year
October 2, 2002 to October 1, 2003:

<u>Tuesday</u>	<u>November 5, 2002</u>	<u>National Election Day</u>
<u>Monday</u>	<u>November 11, 2002</u>	Veterans Day
<u>Thursday</u>	<u>November 28, 2002</u>	Thanksgiving
<u>Friday</u>	<u>November 29, 2002</u>	Thanksgiving
<u>Tuesday</u>	<u>December 24, 2002</u>	Christmas
<u>Wednesday</u>	<u>December 25, 2002</u>	Christmas
<u>Thursday</u>	<u>December 26, 2002</u>	Christmas
<u>Friday</u>	<u>December 27, 2002</u>	Christmas
<u>Monday</u>	<u>December 30, 2002</u>	Christmas
<u>Tuesday</u>	<u>December 31, 2002</u>	Christmas
<u>Wednesday</u>	<u>January 1, 2003</u>	New Year's Day
<u>Monday</u>	<u>January 20, 2003</u>	Martin Luther King, Jr. Day
<u>Friday</u>	<u>April 18, 2003</u>	Good Friday
<u>Monday</u>	<u>May 26, 2003</u>	Memorial Day
<u>Friday</u>	<u>July 4, 2003</u>	Independence Day
<u>Monday</u>	<u>September 1, 2003</u>	Labor Day

Article 14, Section 44

- (c) Recognized holidays for the contractual years October 2, 2003 to October 1, 2004:

<u>Monday</u>	<u>November 10, 2003</u>	Veterans Day
<u>Thursday</u>	<u>November 27, 2003</u>	Thanksgiving
<u>Friday</u>	<u>November 28, 2003</u>	Thanksgiving
<u>Wednesday</u>	<u>December 24, 2003</u>	Christmas
<u>Thursday</u>	<u>December 25, 2003</u>	Christmas
<u>Friday</u>	<u>December 26, 2003</u>	Christmas
<u>Monday</u>	<u>December 29, 2003</u>	Christmas
<u>Tuesday</u>	<u>December 30, 2003</u>	Christmas
<u>Wednesday</u>	<u>December 31, 2003</u>	Christmas
<u>Thursday</u>	<u>January 1, 2004</u>	New Year's Day
<u>Monday</u>	<u>January 19, 2004</u>	Martin Luther King, Jr. Day
<u>Friday</u>	<u>April 9, 2004</u>	Good Friday
<u>Monday</u>	<u>May 31, 2004</u>	Memorial Day
<u>Monday</u>	<u>July 5, 2004</u>	Independence Day
<u>Monday</u>	<u>September 6, 2004</u>	Labor Day

- (d) Due to customer requirements, Parts Distribution Center holiday schedules are specified in the respective Local Supplemental Agreements including the holiday schedules for the contractual years of 2001-2002, 2002-2003, and 2003-2004.

SECTION 45. HOLIDAY ELIGIBILITY.

- (a) To be eligible for holiday pay, the employee shall meet the following eligibility rules:
- (1) The employee has seniority in the bargaining unit in which the employee is then working on or before the day of observance of the holiday, or the employee previously completed a probationary period of Company employment other than in the employee's present bargaining unit and the

Article 14, Section 45

Company service the employee so acquired was not broken at the time of the employee's transfer of employment into the employee's present bargaining unit, or the employee has completed thirty (30) calendar days of Company employment on or before the day of observance of the holiday.

Such holiday shall not count, however, as part of the employee's sixty (60) work day probationary period.

- (2) The employee performs work within the "qualifying workweek" which shall mean:

(i) With respect to a holiday not falling within the Christmas holiday period, the workweek in which the holiday is observed; or

(ii) With respect to a holiday falling within the Christmas holiday period:

a) The workweek in which the Christmas holiday period commences, unless such Christmas holiday period commences on a Monday; or

b) The workweek prior to the workweek in which the Christmas holiday period commences if such Christmas holiday period commences on a Monday.

c) However, an employee's failure to perform work within such "qualifying workweek" shall be excused for this purpose as provided in the respective Local Supplemental Agreements.

- (b) It is understood that an employee who retires and who performs work within the qualifying workweek shall receive holiday pay for holidays which fall in such week. It is further understood that, in the case of the Christmas holiday period, such retired employee who

Article 14, Section 45

performs work within the qualifying workweek shall receive pay for all the holidays observed during such Christmas holiday period.

- (c) An employee who has been approved to return to work after a confining illness or injury for which the employee received Weekly Disability Benefits and it happens to be the Christmas holiday period will receive holiday pay for each of the designated holidays on and after the date the employee was approved to return to work.
- (d) An employee who would have returned to work from a disciplinary suspension except for the fact that the date of such return falls within the Christmas holiday period will receive holiday pay for each of the designated holidays on and after the date the employee would have returned.
- (e) An employee who is laid off for any reason in the first, second, third, or fourth workweek prior to the week in which the Christmas holiday period begins, shall, if otherwise eligible, receive pay for each of the holidays in the Christmas holiday period, providing such employee worked in the week in which the layoff occurs.
- (f) An employee who works in the fifth, sixth, or seventh workweek prior to the week in which the Christmas holiday period begins, and who is laid off for any reason during that week; shall, if otherwise eligible, receive pay for one-half of the holidays falling during such Christmas holiday period providing such employees worked in the week in which the layoff occurs.
- (g) In the event an employee is requested to work on a holiday listed in Section 44 of this Article and accepts such work assignments and fails to report for and perform such work without reasonable cause, such employee shall not receive pay for the holiday.

Article 14, Section 45

- (h) When one or more of the holidays designated in Section 44 above falls within an employee's scheduled vacation and on a day on which the employee would normally have been scheduled to work but for the employee being on vacation, such employee will be granted an additional casual day(s) off with pay, to be taken on the employee's last scheduled work day immediately preceding or the employee's next scheduled work day immediately following the employee's scheduled vacation, or the employee can elect to schedule the additional casual day(s) at a later date subject to the provisions regarding casual days in the applicable Local Supplemental Agreements.
- (i) If with respect to a week included in the Christmas holiday period, an employee supplements holiday pay by claiming and receiving an unemployment compensation benefit, or claims and receives waiting period credit to which the employee would not have been entitled if holiday pay had been treated as remuneration for the week, the employee shall be obligated to pay to the Company the lesser of the following amounts:
- (1) An amount equal to the employee's holiday pay for the week in question, or
 - (2) An amount equal to either the unemployment compensation paid to the employee for such week or the unemployment compensation which would have been paid to the employee for such week if it had not been a waiting period. The Company will deduct from earnings subsequently due and payable the amount which the employee is obligated to pay as provided above.
- (j) Nothing contained herein or in a Local Supplemental Agreement shall allow an employee to receive holiday pay, if payment would result in a duplication of any state or federal benefit received by the employee. However, should the amount of the benefit be less than

Article 14, Section 45

the amount of the holiday pay, the employee shall receive the difference.

SECTION 46.

Compensation for recognized holidays shall be as follows:

- (a) Employees who perform no work on one of the above enumerated holidays shall be paid eight (8) straight time hours holiday pay, including any applicable shift premium.
- (b) Employees who perform work on one of the enumerated holidays shall be paid in the following manner:
 - (1) Double time for all hours worked within their normal or prearranged shift, plus 8 hours straight time holiday pay.
 - (2) Triple time for all hours worked outside their normal or prearranged shift, plus 8 hours straight time holiday pay.
 - (3) If only part of a holiday is worked, but it is within *their normal or prearranged shift*, *double time* for hours worked with a minimum of four hours, plus 8 straight time hours holiday pay.

SECTION 47.

Additional provisions relating to this Article are contained in the respective Local Supplemental Agreements.

Article 15, Section 48

ARTICLE 15 - VACATIONS

SECTION 48.

- (a) During the term of this Agreement, the vacation credit year shall commence each January 1 and continue through each December 31.
- (b) The vacation take years during the term of this Agreement shall be:

Dec. 31, 2001 to Dec. 29, 2002

Dec. 30, 2002 to Dec. 28, 2003

Dec. 29, 2003 to January 2, 2005
(as adjusted by mutual agreement)

SECTION 49.

- (a) An employee hired prior to July 20, 1998 with one (1) year of Company seniority as of January 1 shall receive vacation in accordance with the following table:

<u>Seniority (as of Jan. 1)</u>	<u>Pay</u>	<u>Time Off</u>
1 yr but < 3 yrs	80 hrs	2 wks
3 yrs but < 10 yrs	120 hrs	3 wks
10 yrs but < 20 yrs	160 hrs	4 wks
20 or more years	200 hrs	5 wks

- (b) An employee hired or rehired after July 20, 1998 with one (1) year of accumulated progression time as of January 1 shall receive one week less vacation than otherwise entitled to pursuant to Article 15, Section 49 (a) of this Agreement during each of the first three vacation take years of their employment or reemployment. This provision also applies to new employees hired or rehired into the skilled trades after the effective date of this Agreement.

Article 15, Section 49

- (c) Breaks in service resulting from layoff, leaves of absence, long term disability, etc., which exceed thirty (30) calendar days in any one (1) of the first three (3) years of service will not be counted towards accumulated progression time for purposes of vacation eligibility calculation and shall serve to extend the progression time for vacation calculations beyond the 3 year period for a term equal to the excluded breaks in service. This provision also applies to new employees hired or rehired into the skilled trades after the effective date of this Agreement. A seniority employee's accumulated progression time for purposes of vacation eligibility calculation will stop when he/she leaves active employment and will resume when he/she returns to active employment. The foregoing does not affect the seniority provisions of Article 6, Sections 18 and 19 of the Master Agreement.

SECTION 50.

- (a) The Company will have the option to shut down operations for up to a two (2) consecutive week vacation period. The Company will give notice to the Union, in writing no later than October 1, 2001 for the announced 2002 shutdown and by each successive October 1 for the following year's shutdown period. The two-week vacation shutdown period shall be the week beginning with the last Monday in July and the week beginning with the first Monday in August.
- (b) When the Company schedules a vacation shutdown, employees who are not scheduled to work during shutdown shall be subject to the following:
- (1) Employees whose vacation entitlement is equal to or less than the duration of any vacation shutdown shall take their full vacation entitlement during the shutdown.

Article 15, Section 50

- (2) Employees whose vacation entitlement is greater than the duration of any vacation shutdown shall take vacation equal to the length of the shutdown during the shutdown.

SECTION 51.

With respect to employees working during the vacation shutdown, the following conditions shall apply:

- (a) Employees eligible for one (1) or more weeks of vacation:

- (1) Employees who are scheduled to work for a period less than the full duration of a vacation shutdown shall be paid vacation time for any full weeks not scheduled to work during such period. Such employees shall, if otherwise eligible, be entitled to SUB and unemployment compensation for any week or partial week not worked during such period.

- (b) Employees not eligible for vacation:

- (1) Employees who are not eligible for vacation shall be entitled to SUB and unemployment compensation, if otherwise eligible, for any working days they are not scheduled to work during the vacation shutdown. However, an employee who declines to accept an offer of work during such vacation shutdown shall not be eligible for SUB or unemployment compensation payments for the days such work was offered, providing such offer of work was made forty-five (45) calendar days before the first week of the vacation shutdown period.

SECTION 52.

Any employee who is eligible for less vacation than the duration of the vacation shutdown and who is not scheduled to work during the vacation shutdown, shall not be deemed

Article 15, Section 52

to be on vacation during any period of the vacation shutdown in excess of the employee's remaining vacation eligibility. However, an employee who declines to accept an offer of work during such vacation shutdown shall not be eligible for SUB or unemployment compensation payments for the days such work was offered, providing such offer of work was made forty-five (45) calendar days before the first week of the vacation shutdown period.

SECTION 53.

The special seniority of Local Union officials, listed in the Local Supplemental Agreements, shall apply in the case of work performed during vacation shutdown including inventory work.

SECTION 54.

Additional provisions relating to this Article are contained in the respective Local Supplemental Agreements.

ARTICLE 16 - WAGES, STARTING RATES AND PROGRESSION

SECTION 55. WAGES.

- (a) Base rates after the appropriate cost-of-living allowance (hereinafter referred to as COLA) fold will remain at current levels for the duration of the Agreement, except as specifically provided below.

Article 16, Section 55

(b) The job classifications, the wages rates to be paid, and the methods of payment are specified in each Local Supplemental Agreement and made a part thereof, and such classifications and wages shall remain in effect for the duration of this Agreement except as otherwise modified by mutual agreement by the Parties.

(c) Effective with the ratification of this Agreement, employees currently in the wage progression shall have an amount added to their current top of progression wage rate consisting of the following unpaid COLA accruals

(1) \$1.25 pre-1998 COLA fold for all units, except Atlanta Office (\$.02) and Middletown (\$.53)

(2) plus \$1.75 pre-2001 COLA fold for all units, except Middletown (\$1.69), minus \$.05 initial COLA float for all units including Middletown

The sum of these amounts shall constitute the maximum wage rate. This maximum wage rate will be multiplied by the percentage factor representing the stage in the wage progression the employee has achieved (i.e. 70% for the first twelve months, 80% for the second twelve months and 90% for the third twelve months). After thirty-six months, the employee will be entitled to 100% of the maximum wage rate for his classification.

Article 16, Section 55

Wage rates and progression for Skilled Trades, Lab Technicians, Engineering Technicians and those classifications in the Design Group, if any, will be established at each of the facilities and will be documented in the respective Local Supplemental Agreements.

Breaks in service resulting from layoff, leaves of absence, long term disability, etc. (excluding compensable injuries) which exceed thirty (30) calendar days in any (1) of the three (3) twelve (12) month periods stated above will not be counted toward accumulated wage progression time and shall delay the individual's progression to the next step for a period of time equal to the breaks in service. A seniority employee's time in progression will stop when he/she leaves active employment and will resume when he/she returns to active employment. The foregoing does not affect seniority provisions of Article 6, Sections 18 and 19 of the Master Agreement.

- (d) Employees hired on or after the effective date of this Agreement shall be paid at 100% of the corresponding base rate applicable to employees who had been hired prior to the effective date of this Agreement, and are currently in wage progression until they reach the maximum wage rate of their classification.

SECTION 56. ANNUAL ADJUSTMENTS.

- (a) Effective with the ratification of this Agreement, a 3% lump sum payment will be paid to all B.U. employees, including those in wage progression as of the effective date of this Agreement. Employees who are hired or rehired after the effective date of this Agreement and enter wage progression shall not be entitled to this payment.
- (b) Effective with the first pay period in October 2002, a 3% lump sum payment will be paid to all B.U. employees, including those in wage progression who

Article 16, Section 56

were hired prior to the effective date of this Agreement with the following exceptions:

Macungie Skilled Trades
Allentown Engineering
(Design Group Lab
Technicians only)

Winnsboro Skilled Trades
Atlanta (All B.U.
Employees)

Hagerstown Skilled
Trades
Hagerstown Engineering
(Designers,
Instrumentation
Technicians, Test
Technicians, Machinists
and Mechanics only)

Baltimore (All B.U.
Employees)
Middletown (All B.U.
Employees)

In lieu of the 3% lump sum, these employees, including any employees in the wage progression in these units or identified classifications therein who were hired prior to the effective date of this Agreement, will receive a 3% Annual Improvement Adjustment to their base hourly rate effective the first pay period in October 2002.

Employees hired after the effective date of this Agreement and are in wage progression shall not be entitled to either a lump sum payment or an Annual Improvement Adjustment.

- (c) Effective with the first pay period October 2003, a 3% lump sum payment will be paid to all B.U. employees, including those in wage progression who were hired prior to the effective date of this Agreement, with the exception of all Middletown B.U. employees, including any employees in wage progression in that unit who were hired prior to the effective date of this Agreement. Such employees who shall receive a 4% Annual Improvement Adjustment to their base hourly rate on the first pay in October 2003.

Article 16, Section 56

- (d) The lump sum payments referenced in the subsections above shall be based upon qualified earnings during the preceding 52 consecutive pay periods. Qualified earnings shall include the following:

Base Wages*	COLA*
Shift Premium*	Vacation Pay
Holiday Pay	Bereavement Pay
Jury and Witness Duty Pay	Military Bonus Pay
National Guard or Organized Reserve Duty Pay	Report-in or Call-in Pay
Apprentice Pay	Union Business Pay

* including overtime, Saturday, Sunday and holiday premium payments.

- (e) An employee who retires or dies while actively employed during the 52 week qualified earnings period shall be eligible for a lump sum payment based upon their qualified earnings for that 52 week period.
- (f) New employees hired or rehired after the effective date of this Agreement in wage progression or in Skilled Trades are not eligible for lump sum or Annual Improvement Adjustments during the life of this Agreement.

SECTION 57. COLA FOLD

Effective with the beginning of the first pay period commencing with the ratification of this Agreement, the COLA in effect at each respective unit as of October 2, 2001, less \$.05, shall be folded into all base wage rates for each of the job classifications in the units as set forth below:

For the following units the C.O.L.A. fold in amount is \$1.70.

Allentown Engineering
Allentown Office
Atlanta Office
Atlanta Warehouse
Baltimore Office
Baltimore Warehouse
Hagerstown Engineering

Article 16, Section 57

Hagerstown Office
Hagerstown Shop
Macungie Shop
Winnsboro Shop

For the Middletown unit the C.O.L.A. fold in amount is \$1.64.

The additions and inclusions herein provided for are reflected in all rates set forth in the respective Appendix A of each Local Supplemental Agreement and the appropriate footnotes thereto.

SECTION 58. COST OF LIVING ALLOWANCE.

- (a) The COLA shall be added to each employee's straight time earnings, but not the base wage for any classification.
- (b) The COLA in effect at the time shall be included in computing overtime and shift premiums and in determining call-in pay, call-back pay and pay for vacation, holiday payments, jury duty pay, bereavement pay and short-term military duty pay.
- (c) The COLA shall be paid in each pay to employees who have completed their probationary and wage progression periods.

Employees in wage progression as of the effective date of this Agreement and individuals hired or rehired on or after October 2, 2001 will not be eligible for COLA adjustments during their wage progression period. At the completion of their wage progression period, such individuals will be advanced to the maximum rate in their classification, which will include the then current COLA. This provision also applies to new employees in the Skilled Trades hired or re-hired after the effective date of this Agreement.

Article 16, Section 58

(d) Basis for Allowance:

The amount of the COLA shall be determined and redetermined as provided below on the basis of the Consumers Price Index - All items (1967 = 100) Revised Urban Wage Earners and Clerical Workers (CPI-W) published by the Bureau of Labor Statistics, United States Department of Labor (hereinafter designated as the "Index"). Adjustments in the COLA shall be made at the following times and in the amounts as set forth below:

Effective Date of Adjustment	Based Upon Three-Month Average of the Index For:
<u>December 3, 2001</u>	<u>August, September and October, 2001</u>
First Pay Period... Beginning on or After <u>March 4, 2002</u> and at three (3) Calendar Month Intervals thereafter to September, <u>2004</u>	<u>November, December 2001 and January 2002</u> at three (3) Calendar Month Intervals thereafter to <u>May, June and July 2004.</u>

In determining the three-month average of the Index for a specified period, the computed average shall be rounded to the nearest 0.1 index point. In no event will a decline in the three-month average of the Index below 519.1 provide the basis for a further reduction in wages.

(e) Amount of Allowance

- (1) The amount of COLA effective at the beginning of the first pay period commencing on or after the effective date and ending November 30, 2001 shall be five cents (5¢) per hour.

Article 16, Section 58

- (2) Effective December 3, 2001 and for any period thereafter as provided in Subsection (d), the COLA shall be in accordance with the following tables:

Three-Month Avg of the Index	<u>COLA</u> Allowance
<u>519.1 or less</u>	\$.00
<u>519.2 - 519.4</u>	\$.01
<u>519.5 - 519.6</u>	\$.02
<u>519.7 - 519.9</u>	\$.03
<u>520.0 - 520.1</u>	\$.04
<u>520.2 - 520.4</u>	\$.05
<u>520.5 - 520.7</u>	\$.06
<u>520.8 - 520.9</u>	\$.07
<u>521.0 - 521.2</u>	\$.08

and so forth with one cent (1¢) adjustment for each 0.26 change in the average of the Index. The table will be extended to provide 1¢ adjustments payable sequentially for each 0.3, 0.2, 0.3, 0.2, 0.3 change in the average of the Index, with that sequence repeated so as to provide an average adjustment over time of 1¢ for each .26 change in the average of the Index.

- (f) In the event the Bureau of Labor Statistics does not issue the appropriate Consumer Price Indexes on or before the beginning of one of the pay periods referred to in paragraph (d) above, any adjustments in the COLA required by such appropriate Indexes shall be effective at the beginning of the first pay period after receipt of the Indexes.
- (g) Continuance of the COLA shall be contingent upon the availability of the Index in its present form and calculated on the same basis as the Index for

Article 16, Section 58

September 2001 unless otherwise agreed upon by the Parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the BLS Consumer Price Index, the Parties agree to request the Bureau to make available, for the life of this Agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the Index for September 2001.

Notwithstanding the above, beginning with the Index for January, 1985, the CPI-W as revised to reflect modification of its homeownership component, will be used to determine the amount of the cost-of-living allowance. In the event any other modifications are made to the Index during the term of this agreement, the Parties will determine the appropriate Consumer Price Index to use.

- (h) No adjustments, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the BLS Consumer Price Index for any month or months specified in paragraph (d).

SECTION 59. NEW JOB CLASSIFICATIONS.

When new jobs are created, the Company and the Union shall promptly negotiate to the end that such jobs are properly classified. If the Parties are unable to agree upon the proper classification and the rate of pay of any job, the matter shall be referred to arbitration as provided in this Agreement. In any such arbitration, the arbitrator shall have the authority in a single arbitration, to determine the appropriate classification and rate, as well as the authority to award retroactive pay. During the pendency of negotiation or arbitration, the job shall be performed on the basis proposed by the Company.

Article 16, Section 60

SECTION 60.

Employees will be paid by check each Thursday during working hours. Appropriate administrative details shall be developed by the Company locally which will cover such matters as the possible utilization of sealed envelopes, the provisions of a means of ready identification for check cashing purposes, and the inclusion of appropriate information concerning wage deductions on the check stub.

SECTION 61. NIGHT SHIFT PREMIUM.

- (a) Ten percent (10 %) night shift premium shall be paid for work performed on the second and third shifts (nights) provided, however, that the special formula for certain employees in the Macungie Shop bargaining unit, as set forth in Article 16, Section 57 of the Macungie Shop Local Supplemental Agreement, shall continue to be applicable at those units.
- (b) Employees regularly assigned to any approved special shift, at least fifty percent (50%) of which falls within the regular second or third shift hours, shall also receive a night shift premium differential of ten percent (10%) for time worked on approved special shifts. "Regularly assigned" for the purposes of this Subsection means any period worked within night shift hours which is separated from an employee's regularly scheduled shift and does not continue into or extend continuously beyond such shift, except for an assignment arising out of a "call-back", covered by the provisions of the respective Local Supplemental Agreements. "Regular second or third shift hours" are defined in the Local Supplemental Agreements.

Article 16, Section 62

SECTION 62.

Employees who are required to work away from the area in which such employee's facility is located shall be given an appropriate advance of monies for expenses to be incurred. Arrangements to pay the employee's wages, including overtime payments, as well as additional required expense monies, shall be made at the time of work assignment.

Additional specific provisions relative to wages and hours of work are contained in the respective Local Supplemental Agreements.

ARTICLE 17 - TRANSFERS-WAGE RATES

Employee Transfer Provisions are contained in the respective Local Supplemental Agreements.

ARTICLE 18 - PRODUCTION STANDARDS

Provisions are contained in the respective Local Supplemental Agreements.

ARTICLE 19 - DISCHARGE AND DISCIPLINE

SECTION 63.

No employee who has acquired seniority with the Company under this Agreement shall be suspended, discharged or disciplined except for just cause. Upon the discharge or suspension of such employee, the following procedure shall be observed:

- (a) The Company shall promptly notify the appropriate Local Union representative of the employee's discharge or suspension.

Article 19, Section 63

- (b) After the notice of discharge or suspension is given to the appropriate Local Union representative, and upon the request of the Union, an informal pre-grievance meeting concerning the discharge or suspension will be arranged between a designated Company representative and an appropriate Union representative. The meeting will occur either during the normal first shift work hours on the day of the discharge or suspension, or no later than the end of the first shift of the working day following the discharge or suspension.
- (c) The Company shall advise the employee and the appropriate Local Union representative in writing of the grounds for the discharge or suspension no later than the end of the employee's shift on the working day following the discharge or suspension.
- (d) Any grievance based upon a discharge or suspension shall be submitted to the designated Company representative in writing within eight (8) working days thereafter, or the employee and the Union shall be deemed to have waived any objection to such discharge or suspension. If the Union requests an immediate hearing on any grievance arising out of such discharge or suspension, a meeting on such grievance will be arranged forthwith.
- (e) In the event any discharge, suspension or disciplinary matter is brought to arbitration pursuant to the grievance procedure under this contract, the arbitrator shall have authority to direct full reinstatement with back pay or to impose a lesser penalty if warranted.

SECTION 64.

In imposing discipline on a current charge, the Company will not take into account any prior infractions which occurred more than two (2) years previously.

Article 19, Section 65

SECTION 65.

No record of a prior written reprimand nor any derogatory information contained in the Company's central personnel files shall be used in any subsequent disciplinary proceeding unless the employee affected has received a copy of such written reprimand or derogatory information, it being expressly understood that notes or memoranda retained by a supervisor to refresh memory shall not be barred in such proceeding.

SECTION 66.

No employee shall be discharged or disciplined while on a bona fide sick leave.

SECTION 67.

Notwithstanding the provisions of Article 22 herein, the arbitrator herein shall have the authority in discharge cases to determine whether employees otherwise eligible shall receive a Supplemental Allowance under the Pension Plan, in accordance with the provisions of Appendix A, Article VI, Section 3, of this Master Agreement.

ARTICLE 20 - STRIKES AND LOCKOUTS

Except as provided in the respective Local Supplemental Agreements regarding Production Standards and Article 21 of this Master Agreement as applicable, the Union agrees that there shall be no authorized strikes during the term of this Agreement. The Union agrees not to ratify any unauthorized strike. It further agrees that if an unauthorized strike occurs, the Local and International Union officials will immediately meet with the Company and take appropriate action to end the strike, including, but not limited to, public renunciation of the strike and instructions to employees to return to work. The Union further agrees that in the event of a strike in violation of this Agreement, the Company may take disciplinary action against those workers who take part in the strike. The Company, for its part, agrees that there

Article 20

shall be no lockouts during the life of this Agreement. As long as the Union, its officers, agents and employees comply with the above provisions, the Company agrees not to bring any court action for damages or take other action which is not provided for in this contract, against the Union, its officers, agents and employees for breach of this Article.

ARTICLE 21 - HEALTH AND SAFETY

SECTION 58. JOINT APPROACH.

- (a) The Company recognizes its obligation to provide a safe and healthful working environment for its employees. The Union shall cooperate with the Company's efforts to carry out its obligation and both Parties agree to use their best efforts, jointly, to achieve that end.
- (b) The Parties working together, will use these agreed upon procedures to achieve mutually desired results while conforming to relevant legal requirements. Adherence to these procedures is to be fostered by both Parties as preferential to recourse to outside agencies or other avenues outside the scope of this Agreement.
- (c) The International Union, UAW, Local Unions, Union and Joint Health and Safety Committees, Union officials, employees and agents shall not be liable for any work-connected injuries, disabilities or diseases which may be incurred by employees of the Company or its subsidiaries or by third parties while on Company property. This is not intended to, and does not increase the Company's liability in such cases beyond its normal exposure, if any (i.e. Worker's Compensation).

SECTION 69. HEALTH AND SAFETY REPRESENTATION.

- (a) The Company recognizes a Union Health and Safety Representative for the following locations. The Union Health and Safety Representative will be appointed by the UAW International Union.
- (b) In the manufacturing locations (Hagerstown, Allentown/Macungie and Winnsboro), this will be a full time position, and the Union Health and Safety Representative will be responsible for the administration of Health and Safety Programs for all Union represented employees in their respective Local. The Company will recognize an alternate representative who will function when the principal is absent for one (1) full day or longer. During shorter absences of the principal, the Alternate may function in response to emergency situations. The Health and Safety Representative will be permitted to work overtime to perform mutually agreed upon health and safety related tasks.
- (c) In the Parts Distribution Centers and at Middletown Remanufacturing, the Union Health and Safety Representative will function as needed to fulfill the responsibilities detailed in Section 69(e) below. The Health and Safety representatives shall have the right to leave their work to perform those responsibilities, upon notifying their respective supervisor. If leaving work will disrupt subsequent operations, the Health and Safety representative and the supervisor shall make other arrangements as shall be necessary. It is understood that the Union Health and Safety Representative will be released immediately in the case of an emergency and will be released within a period of one hour for other duties. A Bargaining Unit Committeeperson will be designated by the Local to function as the Alternate Health and Safety Representative under the same conditions as the Alternate in Section 69(b) above.

Article 21, Section 69

- (d) The Chairpersons of Local #1247 may function as necessary to deal with health and safety issues.
- (e) The Union Health and Safety Representative is responsible for working jointly, with and separately from, the Facility Health and Safety Supervisor to implement and evaluate the effectiveness of all of the facility's Health and Safety programs, including:
 - (1) UAW Health and Safety Representatives will be notified in advance of health and safety inspections by private agency officials, and licensed inspectors required or by consultants retained by the Company, and whenever possible by government officials including federal, state, city and county code enforcement, and be afforded an opportunity to accompany such officials or consultants and provide any pertinent information to them. A copy of such reports, including those of insurance inspectors, will be provided to the UAW Health and Safety Representative. The Company retains the right to withhold the portions of any report that would be protected, under law, as attorney-work product or by the attorney-client privilege, or management privileged information, with the exception of those sections related to health and safety. In addition, UAW Health and Safety Representatives may accompany Corporate and International Union Health and Safety professionals on inspection tours.
 - (2) The primary responsibility for conducting accident investigations lies with the immediate supervisor of the employees involved. The accident investigations conducted by the supervisors shall be submitted in a timely manner. The Facility Health and Safety Team will review reports of these investigations and where appropriate, conduct investigations of serious or potentially serious accidents. If it is determined that the serious injury was caused by an equipment

Article 21, Section 69

malfunction, the investigation and repairs will be implemented prior to another employee being assigned that machine, but no later than 24 scheduled hours.

Management will notify the Union Health and Safety Representative of any serious injury or illness including OSHA recordable and Worker Compensation cases.

A "close call" (non-injury incident) reporting system will be established at each facility. The Union Health and Safety Representative will be responsible for tracking and recording all "close call" reports. The Company will provide a computer system for each Union Health and Safety Representative to perform this task. The Parties recognize that the foundation of any successful safety process rests with a cultural atmosphere that allows employees to bring potentially hazardous situations to the attention of the Union and Management in order to achieve timely correction.

- (3) Review, recommend and administer/conduct local safety training, education and information programs.
- (4) Conduct industrial hygiene surveys to measure noise, air contaminants and air flow with equipment provided by the Company.
- (5) Make regular inspections of the facility.
- (6) Have access to hazardous Material Safety Data Sheets (MSDS).

Article 21, Section 69

- (7) In conjunction with the Health and Safety Supervisor, jointly develop necessary Health and Safety Programs for the facility, including, but not limited to, those specific programs set forth hereafter.
- (8) Conduct ergonomic evaluations of work stations recommending appropriate improvements based on sound ergonomic principles.
- (9) In conjunction with the Facility Health and Safety Supervisor, review new facility layouts, new manufacturing equipment and major process (including changes in chemical usage) changes. When layout is complete and prior to approval, the Health and Safety Representative will review to help ensure good health and safety practices are followed. This will include design, vendor tryout and post-installation review, unless mutually agreed by the Facility Health and Safety Team. Such review shall include potential ergonomic problems. Noise reduction factors of new machinery and hand tools to be purchased by the Company shall be reviewed. Corporate Management will communicate to all Engineers their responsibility to notify and involve Union and Company health and safety personnel to comply with this section. The Company and Union will jointly develop a comprehensive checklist for use during the review of new/modified machinery and processes.
- (10) Prepare reports of findings of the above activities for facility Management and the Joint Health and Safety Committee.
- (f) The Union Health and Safety Representative and the Facility Health and Safety Supervisor acting jointly are referred to as the Facility Health and Safety Team in the sections hereunder.

Article 21, Section 71

emphasis placed on crane and hoist operation and inspection, powered industrial vehicle safety, rigging, robotics, confined space entry, electrical safety for electricians and remote control crane operations,

- (e) Review and analyze federal, state, or local standards or regulations which affect the health and safety programs within the Company.
- (f) Review problems concerning serious or unusual situations affecting Company facility health and safety and make necessary or desirable recommendations.
- (g) Review and analyze accident injury and illness data for all facilities.
- (h) Receive and deal with matters referred to them by Local Safety and Health Committees.

SECTION 72.

The Company agrees to provide the Union Health and Safety Representatives access to all health and safety-related information (except management-privileged information) available to their Company counterparts including, but not limited to,:

- (a) Provide appropriate equipment for conducting industrial hygiene surveys for chemical and physical hazards encountered in its facilities. Such equipment shall include, but is not limited to, noise level meters, sampling pumps, dosimeters, detection tubes and appropriate sampling media.
- (b) Provide appropriate education and training for the Union Health and Safety Representatives, Local Union Chairpersons that function as Health and Safety Representatives and Alternates as determined by the International Safety Committee. Two training programs will be scheduled each year, one during the first half of

Article 21, Section 72

the year and one during the second half of the year for Union Health and Safety Representatives. Alternates and Chairpersons that are functioning as Health and Safety Representatives will be scheduled for one training per year. It is not the intent of the International Safety Committee to schedule the Union Health and Safety Representatives and Alternates out of the plant for training at the same time.

- (c) Disclose, upon request of the International Safety Committee, the identity of any known harmful chemicals or materials to which the employees are exposed, including any information regarding remedies and antidotes for such chemicals and to provide the Local Union Health and Safety Representatives, in writing, the identity of known harmful chemicals or materials being used at that operation.
- (d) Arrange for regular surveys of each facility by the Company's Industrial Health and Safety staff and provide special surveys at the request of the International Union. Such special survey reports will be provided to the International Union.
- (e) Provide access, upon reasonable notice, to all Company UAW organized locations to Health and Safety Representatives of the International Union. Reports on such surveys will be provided to the Company.
- (f) Provide to employees who are exposed to potentially harmful agents or toxic materials, at no cost to them, medical services, physical examinations, and other appropriate tests including audiometric examinations at a frequency and extent necessary to determine whether the health of such employee is being adversely affected and to instruct them in the safe use of these materials. Also, upon the employee's written request, copies of such information will be forwarded to the employee's personal physician. Periodic physical examinations and x-rays, as needed, for spray painters and such other classifications

Article 21, Section 72

as may be recommended by the Safety Committee, shall be provided by the Company at no expense or loss of earnings to such employees.

- (g) Whenever it is determined that an employee has had a personal exposure exceeding the permissible level as set forth in 29CFR-1910.1000, The employee will be notified and such information shall be entered in the employee's medical record.

SECTION 73.

In the event an employee has a reasonable belief that a work condition will cause an imminent danger to life or limb, the condition is to be brought to the attention of the immediate supervisor. Failing resolution of the problem by the Supervisor, the employee should request the involvement of the respective Bargaining Committeeperson who will attempt to resolve the issue with the supervisor and/or the next level of management.

At any time, the Supervisor or Committeeperson may call upon the Facility Health and Safety Team to investigate and help resolve the problem.

If the dispute is still not settled, it is the position of the Parties that an employee will not be required to work under an alleged condition which presents an imminent danger to life or limb, until the highest-ranking member of management on-site at the time and the Facility Health and Safety Supervisor (Management counterpart of UAW Health and Safety Representative) has made a decision that the condition does not pose an imminent danger.

This procedure shall not preclude the filing of a Health and Safety grievance in step one (1) of the Grievance Procedure.

Article 21, Section 74

SECTION 74.

Notwithstanding the provisions of Article 20 of the Master Agreement, the Union shall have the right, in connection with grievances alleging violations of health and safety provisions, to strike in accordance with the following procedure:

- (a) Within sixty (60) days from the date of the written decision submitted at Step 3 of Article 5, the Union shall notify the Human Resources Manager, in writing, that it does not intend to arbitrate the grievance or grievances but that it has been authorized by a vote of its Local Membership to strike concerning grievances specified in the written notice.
- (b) During at least the ten working (10) days following such notice, the Company shall review such grievance or grievances with the International Union and the appropriate Local Bargaining Committee. The parties shall have the right to have their International Safety Committee members participate in such review, including the right to inspect the conditions which are the subject of grievance.
- (c) Upon fulfillment of the review requirement of (b) above and during the ninety (90) day period following receipt in accordance with (a) above, the Union shall have the right to strike upon five (5) days' written notice from the Regional Director of the UAW International Union to the Vice President of Labor Relations of the Company that the International Union has authorized such strike.
- (d) In the event the Union does not strike within such ninety (90) day period or mutually agreed upon extension thereof, the right to strike shall be deemed waived unless thereafter the dispute is again processed in accordance with the provisions of paragraphs (a), (b) and (c), including re-authorization by the membership and the International Union of a strike regarding such dispute. In such event, it is understood that the sixty

Article 21, Section 74

(60) day limitation of paragraph (a) above shall not apply.

- (e) It is understood that at any time prior to the expiration of the aforesaid ninety (90) day period, the Union may refer the grievance to arbitration in accordance with the provisions of Article 5 of the Master Agreement in which case the right to strike hereunder shall be deemed waived.
- (f) In the discussion and settlement of the grievances which are the subject of a strike notice, neither Party shall be required to bargain or act with respect to any other issue, grievance or dispute.

Nothing herein shall be construed to restrict any employee's rights under Section 502 of the Labor Management Relations Act, 1947, as amended.

SECTION 75.

- (a) The Company will continue to provide personal protective equipment and special clothing as required. This equipment will be supplied at no cost to the employee. Once having received such equipment, the employee shall turn in the equipment to receive a replacement, except when beyond the employee's control. Such exceptions must be documented.
- (b) All employees presently supplied with appropriate coveralls or uniforms will continue to be supplied with coveralls or uniforms at no cost to the employee. The Local Union shall be furnished a list of classifications and the locations of all employees who have been supplied with coveralls and shall have the right to request changes to the list.

Article 21, Section 75

In applying this paragraph, appropriate fire retardant coveralls or uniforms will be supplied to all welders performing gas, air or combination welding, who wear over such coveralls or uniforms the leather sleeves and the leather aprons supplied by the Company.

- (c) It is understood that employees shall wear safety glasses as required. Plain safety glasses will be supplied by the Company without cost to the employees and replaced without cost if they are broken. Beginning January 1, 2002, the Company will supply, without cost to the employee, prescription safety glasses, including bifocal and trifocal progressive lenses, when obtained through the authorized source. The prescription safety glasses will be replaced by the Company without cost to the employee if they are in any way damaged beyond repair in the performance of work for the Company. The employee will pay for eye examination except where covered by the Vision Care Program.
- (d) Where the Company at its sole discretion determines the requirement for the use of safety shoes in certain areas, the Company will annually reimburse employees, required to use such shoes, the sum of \$80.00 for safety shoe purchases made on or after January 1, 2002. Such reimbursement will be subject to the employee providing a proof of purchase.

SECTION 76.

(a) SAFETY TALKS PROGRAM

Both parties share the view that safety talks will be a part of the Safety Program. These talks are usually conducted by supervision and serve the purpose of educating employees in safe work practices, encouraging awareness of workplace hazards and providing a mechanism for feedback to employees' safety concerns. The Facility Health and Safety Team will monitor the effectiveness of the Facility Safety Talk Program. The Company agrees that Safety Talks are

Article 21, Section 76

not a substitute for formal training programs but will be used to compliment such programs.

(b) **SAFETY LOCKOUT PROGRAM**

The Company will insure that an effective lockout program is implemented in each facility consistent with the Corporate Lockout Program. Placards containing machine-specific lockout procedures, listing equipment needed and verification methods, will be posted on all machinery and equipment with multiple energy sources. Placards will also be posted on single energy source machines that have an energy isolation device that is not located in the immediate vicinity. Placarding will be completed within twenty four (24) months of the effective date of this Agreement, or may be extended by mutual agreement. Quarterly meetings will be held to monitor progress. Employees will be trained and provided the necessary lockout devices. Annual refresher training will be conducted. Audits will be performed on a routine periodic basis to insure compliance with the lockout program. The Facility Health and Safety Team is responsible for developing and modifying the program consistent with changing facility conditions and operations and OSHA standards.

(c) **EDUCATION**

A joint effort will be directed toward the development of new, and the expansion of, existing training programs. The program will prioritize employees known to be at high risk to injury or illness such as those in the skilled trades and maintenance classifications.

(d) **HAZARDOUS MATERIALS REDUCTION AND CONTROL**

Effective control of hazardous materials will serve to protect the employees of Mack and the surrounding communities. The Company is committed to the goal of continuous reduction in the use of hazardous materials consistent with the Corporate Program. This will be accomplished through the implementation of a written program, which establishes the Hazardous Material Review Program (HMRP). The process, which

Article 21, Section 76

will be fully implemented within twelve (12) months, will involve appropriate engineering, environmental, purchasing, security and safety personnel. UAW Health and Safety Representatives will be included in the program. The HMRP will define the hazardous material approval process and emphasize ongoing efforts to identify safer substitutes for new as well as materials currently in use. This includes hazardous materials on incoming production parts. These efforts will be directed by the Facility Health and Safety team and are expected to reduce employee exposures and protect the environment.

(e) **ERGONOMICS**

- (1) It is the Company and Union's objective to establish and maintain an effective ergonomics program, appropriate to each facility, in order to control occupationally related cumulative trauma disorders. The Company recognizes its responsibility to support the Ergonomics Program by providing the necessary resources and leadership. All aspects of the Ergonomics Program will be jointly developed and administered.
- (2) The Company recognizes that computerization of Worker's Compensation, medical visit and OSHA recordable data is an important step in the ergonomic process and will begin working toward that end. Union Health and Safety Representatives and appropriate members of the Ergonomics Committee will be provided access to the system.
- (3) Facility Ergonomics Committees
An Ergonomics Committee will be established at each facility. At PDCs the Local Health and Safety Committee will serve as the Ergonomics Committee. Each Committee will be jointly co-chaired by the Company and Union. Each Committee will include appropriate Union and

Article 21, Section 76

Company representatives and additional members from Facility/Maintenance Departments, Engineering, Medical and Tool and Equipment Procurement/Design. The Ergonomics Committee will review employee injuries and illnesses to identify potential ergonomic problems, review ergonomic job analyses, evaluate the status of the facility's prioritized problem job listing, recommend job improvements and oversee related ergonomics training. Problem jobs that have not been corrected within six (6) months of the ergonomics job analysis will be placed on the agenda of the facility Local Committee on Health & Safety.

(4) Job Evaluation

- (i) The Parties will jointly select a method(s) of job analysis based on mutual agreement. Ergonomic job evaluation will be conducted within two (2) weeks of a reported ergonomic related injury or illness. Additionally, job analysis will be conducted when an employee reports symptoms of an ergonomic injury, when the Company becomes aware of an ergonomic risk factor, when an Ergonomics Review Form is submitted and when major machinery and equipment changes are made. Employees performing jobs being analyzed will be asked to provide input on problem aspects of the job and potential corrective measures. Employees performing the job will be notified prior to job changes.

Article 21, Section 76

Ergonomic job analyses will be conducted by Facility Health and Safety Supervisors, Union Health and Safety Representatives, Alternate Union Health and Safety Representatives, Engineers and others jointly designated by the Ergonomics Committee.

(ii) Ergonomic job evaluations will be entered into a computer database, which will be selected during the Implementation Meeting. The system will insure consistent recordkeeping, facilitate tracking of problem jobs, and provide a convenient method to update evaluations after job changes or ergonomic improvements. Union Health and Safety Representatives and appropriate members of the Ergonomics Committee will have access to the computer system.

(iii) Ergonomic design criteria and checklists will be jointly selected for use in job evaluation and the review of new equipment and processes.

(5) Job Improvements

Feasible engineering controls (job redesign) will be implemented as the preferred method to control ergonomic risk factors.

(6) Training

(i) An Ergonomics Awareness Training Program has been developed for all facility employees. This awareness training will be implemented every three (3) years. Employees will have the opportunity to submit recommendations to the Ergonomics Committee for the redesign of workstations and/or work assignments and receive feedback on their recommendations.

Article 21, Section 76

prior to reconstruction of their area. The Ergonomics Committee will receive additional training including risk factor analysis on the use of the tools.

- (ii) In addition to general ergonomics training, Engineers will be trained in job evaluation, design criteria and checklists used for equipment review.
- (iii) The International Joint Committee will utilize the consultation of the International Union's ergonomic specialist when they deem it appropriate to aid the Local Ergonomics Committee as a resource.

7. Implementation Meeting

Within ninety (90) days of the effective date of this Agreement, the International Joint Committee and Corporate Medical Director will convene an ergonomics implementation meeting involving all Facility Health and Safety Team members and Alternate UAW Health and Safety Representatives from each facility. In addition, appropriate additional resources from the International Union and Corporation will be invited. The purpose of the meeting will be to:

- (i) Review current ergonomics activities at each facility,
- (ii) Finalize the written joint UAW-Mack Ergonomics Program,
- (iii) Select a method(s) for ergonomics job analysis and design checklists,
- (iv) Establish a timeline for full program implementation, and
- (v) Assign responsibility to implementation of initial activities.

Article 21, Section 76

(f) **WORKING ALONE:**

The Company and Union agree that assigning an employee to work in an isolated location does not in and of itself create an unsafe condition. When such assignments involve work situations potentially hazardous to an employee, such work shall be in accordance with recognized safe work practices. Each Facility Health and Safety Team will review and list high hazard areas and jobs and develop Safe Operating Procedures (SOP). When an employee is required to work in an isolated area, precautions which might include two-way communication, periodic checks by the supervisor or guard force, adequate support personnel or other means, will be taken to monitor the well being of the employee. Additionally, the Company will exercise caution in the assignment of apprentices who may be less familiar with the hazards associated with certain tasks necessary to be performed in remote or isolated locations. The Company will make certain apprentices are knowledgeable of the potential hazards associated with performing work in these locations before assignment.

(g) **CONFINED SPACE PROGRAM**

The Company will assure that all work in confined spaces shall be conducted in accordance with recognized safe work practices. Such safe work practices may include either air sampling, ventilation, communications systems, personal surveillance or adequate support personnel as appropriate to the hazard posed by the confined space to be entered. The Joint Safety Team at each location will identify all confined spaces. Training in entry and rescue procedures will be completed.

Article 21, Section 76

(h) NOISE ABATEMENT PROGRAM

The Company recognizes that noise induced hearing loss is a permanent and irreversible condition that affects the quality of an employee's life. Management is committed to reducing noise levels in the facilities. A comprehensive sound survey will be conducted at each facility to measure the sound exposures throughout the facility. The survey will identify the primary sources of noise and list feasible engineering controls to reduce exposure. The Company will develop and implement a Noise Abatement Program. The program will include an annual listing of noise reduction projects and specific machinery and equipment affected. The goal of the noise abatement program is reduce the number of employees required to wear hearing protection as a result of exposures to hazardous levels of noise. The Local Committee on Health & Safety will review the noise abatement program each year. The Company will require suppliers to comply with an 80 dBA TWA noise specification, where feasible, for new machinery, equipment and powered tools.

(i) OUTSIDE CONTRACTOR SAFETY PROGRAM

The Company will institute an Outside Contractor Safety Program, Management will conduct periodic inspections to ensure compliance. Contractor's found to violate health and safety regulation, Company safety procedures or state and federal standards will be advised and will be expected to implement corrective actions.

Article 21, Section 76

(j) FALL PREVENTION PROGRAM

The Company and Union will establish a Fall Prevention Program. The Union Health and Safety Representative will survey employees to identify tasks that involve work at heights within six (6) months of completion of fall prevention training. Each task will be documented, prioritized and evaluated to determine feasible engineering controls. Personal fall protection equipment will be made available only when engineering controls are not appropriate to prevent falls. Procedures will be established to inspect, maintain and store personal fall prevention equipment. Maintenance workers will be trained on the proper use of this equipment and on the proper procedures for working at heights. The installation of fall prevention systems and personal fall protection systems (anchorage points, harnesses, lanyards and climbing systems) requires special skill and knowledge. Employees performing this function will be properly trained. Management will provide the necessary resources and support to make this program successful.

(k) EMERGENCY EVACUATION TRAINING

The Company will institute an annual training program for Emergency Evacuation Coordinators. Employees will be made aware of evacuation routes and procedures as part of the Safety Talk Program. To familiarize employees, the Company will test warning alarm systems on an annual basis.

(l) MACHINING FLUIDS CONTROL PROGRAM

The parties recognize that the Company has made great strides in the past few years in improving the plants' environment in machining areas. The Company and Union will analyze the results of industrial hygiene sampling surveys of machining areas and develop appropriate engineering controls in continuing attempts to achieve and maintain exposure levels of 0.5 mg/M³ (TWA) or less. Procedures and equipment proven to be effective in the study to reduce exposure will be utilized when major machine renovations are scheduled. The

Article 21, Section 76

Company will consider machining fluid exposures when purchasing new equipment.

The Company agrees to work diligently toward the attainment of the current NIOSH Recommendations for "Occupational Exposure to Metalworking Fluids."

(m) Annual Union and Management Leadership Health and Safety Meeting

The parties recognize the importance of leadership involvement in the safety process. As such, the parties agree to include top corporate management, members of the International Union, plant Union and Company leadership and members of the Local Committees on Health and Safety in at least one joint meeting scheduled annually. The goal of the meeting will be to review the status of the Company's health and safety program, compliance with contract provisions, and program implementation at each facility.

(n) Preventive Maintenance

The Company has established a Preventive Maintenance Program at all facilities. An important element of the Company's preventive maintenance program is to conduct regularly-scheduled preventive maintenance on safety-related items such as, but not limited to eye washes and showers, hazardous waste systems, safety devices, cranes and hoists, lifting devices, assembly line drive units, and powered material handling equipment. Members of the Local Committee on Health & Safety will periodically review the program and have access to all associated records.

The Company recognizes the importance of ventilation systems to maintain a safe and healthy environment, control air contaminants and reduce the risk of fires and explosions. Preventive maintenance programs will be implemented to insure that plant ventilation systems operate properly.

Article 21, Section 76

(c) Medical Services

The Company will provide professional quality medical care for each facility. The Local Committees on Health & Safety will conduct an annual survey of employees to evaluate medical services. The results of the survey will be reviewed with the appropriate medical management staff and posted in the plant. The Corporate Medical Director will make appropriate improvements.

If and when a second or third shift operation would occur at any facility, the Company and Union will meet to discuss and study the feasibility of having a nurse staffed in the Medical Department. This will also apply to Saturdays, Sundays and Holidays when employees are scheduled to work.

The Company will work towards providing sufficient MERT (Medical Emergency Response Team) coverage on all shifts. MERT will be equipped with radios for communication, special ID badges, paid training and other necessary equipment. There will be special emphasis on the second and third shifts to recruit new members who will be offered flexible training opportunities and shift meetings to accommodate schedules. Each location will develop and implement a procedure to identify MERT members in the facility on each shift. MERT members will be properly trained and certified as required.

Article 22

ARTICLE 22 - PENSION PLAN

The Parties have provided for a Pension Plan by Supplemental Agreement, which is attached hereto as Appendix A and made a part of this Agreement as if set out in full herein.

No matter respecting the provisions of the Pension Plan shall be subject to the grievance procedure established in this Agreement, except as expressly provided for in the Pension Plan.

ARTICLE 23 - INSURANCE PROGRAM

The Parties have provided for an Insurance Program by Supplemental Agreement, which is attached hereto as Appendix B and made a part of this Agreement as if set out in full herein.

No matter respecting the provisions of the Insurance Program shall be subject to the grievance procedure established in this Agreement, except as expressly provided for in the Insurance Program.

ARTICLE 24 - SUPPLEMENTAL UNEMPLOYMENT BENEFITS PLAN AND SEVERANCE PAY PLAN

The Parties have provided for a Supplemental Unemployment Benefits Plan by Supplemental Agreement, which is attached hereto as Appendices C1 and C2 and made a part of this Agreement as if set out in full herein. No matter respecting the provisions of the Supplemental Unemployment Benefits Plan shall be subject to the grievance procedure established in this Agreement, except as expressly provided for in the Supplemental Unemployment Benefit Plan.

Article 25

ARTICLE 25 - TRANSFER TO OTHER FACILITIES

The understanding of the Parties concerning transfers to other facilities is set forth in Appendix D attached hereto and made a part hereof.

ARTICLE 26 - NO DISCRIMINATION

The Company and the Union agree that they will not unlawfully discriminate in all employment decisions, including but not limited to the recruitment, hiring, compensation, training and apprenticeship, promotion, upgrading, demotion, downgrading, transfer, layoff, discipline and termination, and all other terms and conditions of employment because of race, creed, color, national origin, political affiliation, union affiliation, sex, age, marital status, disability, sexual orientation or citizenship status. The Company and the Union agree that they will support and implement the governmental anti-discrimination programs.

ARTICLE 27 - JOB SECURITY

SECTION 77.

The following reflects the understanding reached between the Parties during the 2001 negotiations with regard to job security.

- (a) No outsourcing of operations currently performed by the Office, Parts Distribution Center, Engineering or Shop bargaining units will occur during the term of this Agreement, with the following exceptions:
 - the periodic purchase of certain parts and services of a nature and to the extent currently acquired from outside vendors on a temporary "as needed" basis due to capacity or production breakdowns which will not have a negative impact on

Article 27, Section 77

employment at any of the Company plant facilities.

- sourcing decisions made by the Local and National Sourcing Committees in accordance with the decisional process flow set forth in Exhibit 2
- PRS work performed in the Atlanta Parts Distribution Center
- PRS work performed in the Baltimore Parts Distribution Center
- See separate Job Security Sourcing Agreement in Local 171 Supplemental Agreement, Letter 35, and in Local 1247 OBU Supplemental Agreement, Letter 6 and in Local 1247 EBU Supplemental Agreement, Letter 10.
- See separate Low Volume Sourcing Agreement in Local 171 Supplemental Agreement.

The composition and scope of responsibility of the Local and National Sourcing Committees are set forth in Exhibit 3. Exhibits 2 and 3 are incorporated and made part of this Agreement.

- (1) National Sourcing Committee approval will be needed if there is no agreement at the Local Sourcing Committee level or the sourcing decision in question impacts another bargaining unit covered by the Master Agreement.
- (2) When it becomes necessary to temporarily outsource operations on an "as needed" basis, management will make available the pertinent information to the Union when the need becomes known. Work temporarily outsourced, for capacity reasons, will be returned to the appropriate bargaining unit when the conditions that gave rise to the need to outsource no longer exist.

Article 27, Section 77

- (3) The Company further agrees that when it becomes necessary to invoke this temporary outsource provision for breakdowns it will diligently pursue every approach to correct the cause that gave rise to the need to temporarily outsource and do so in a manner that will return such work as soon as possible.
- (b) The Company will not transfer to other locations during the term of this Agreement the models (or their replacements) currently being produced, or the functions currently being performed, in the respective locations. The Parties agree to meet, however, during the life of this Agreement, as requested by either party, to discuss and exchange pertinent information on contemplated transfer decisions in an effort to assure high quality and economically viable work for bargaining unit employees.
- (c) The Company will not close during the life of this Agreement any facilities at which work is being performed by UAW bargaining unit employees.

It is understood that conditions beyond the control of the Company, e.g. act of God, may arise which could affect our ability to comply with this Agreement. Should such conditions occur, the Company will discuss the situation with the Union before taking any action.

ARTICLE 28 - GENERAL

SECTION 78. VENDING MACHINE PROFIT.

- (a) All profit returned to the Company from the vending machines operated in the Company's facilities shall be distributed in the manner set forth in the Local Supplemental Agreements. When the Company contracts for installation of vending machines in its facilities, it will make available for the inspection of the

Article 28, Section 78

local vending machine committee pertinent information relating to the installation of such machines.

- (b) This Section 78 shall not apply to the Hagerstown Bargaining Unit.

SECTION 79. SEPARABILITY.

If any part of this Master Agreement or its Local Supplemental Agreements is held invalid due to existing or future federal or state legislation, the remainder of this Master Agreement and its Local Supplemental Agreements shall not be affected thereby.

SECTION 80. JURY DUTY.

Any employee who has completed probation and is called to, and reports for jury duty or is subpoenaed and reports for witness service in a court of record, or who reports for pre-jury duty examination by the court or administrative governmental agency, shall be paid on the following basis for each day partially or wholly spent in performing such duty if the employee otherwise would have been scheduled to work for the Company and does not work. Such witness service shall include that performed on the employee's behalf, but shall exclude that resulting from service with another employer. The Company's payment for such duty, when added to the daily jury or witness fee (excluding expense and transportation allowances) paid by the court or agency and wages, if any, earned by the employee from the Company for that day, shall equal the amount of wages (excluding shift premium but including the cost-of-living allowance) the employee otherwise would have earned by working during straight time hours for the Company on that day. The amount shall be computed based upon the straight time wage rate paid at the time of service. In order to receive payment under this Section, an employee must give the Company prior notice that such employee has been summoned or subpoenaed for such duty and must furnish satisfactory evidence that said duty was performed on the days for which the employee claims such payment.

SECTION 81. BEREAVEMENT.

(a) When death occurs in the employee's immediate family, the employee shall be excused for up to three (3) normally scheduled days of work (excluding Saturdays, Sundays, holidays and vacation of one week or less) immediately following the date of death, or up to five (5) work days, subject to the same criteria, if the deceased is the employee's spouse or parent, provided:

(1) The employee attends the funeral.

(2) The days off were requested.

(3) The family member is a spouse, parent, parent of a current spouse, child, brother, sister, stepparent, stepparent of a current spouse, stepchild, stepbrother, stepsister, grandparent, grandchild, or grandparent of a current spouse.

(b) The employee shall receive pay for any excused scheduled days of work (excluding Saturdays and Sundays, or, in the case of seven day operations, the sixth and seventh days of the employee's scheduled workweek) provided the employee attends the funeral.

(c) Payment for each day of bereavement shall be made at the employee's regular straight time hourly rate excluding night shift premium, overtime, and premium pay on the last day worked. Time thus paid will not be counted as hours worked for purposes of overtime.

(d) If the death occurs during a scheduled vacation of one (1) week or less, the employee shall have the option to receive pay in lieu of the vacation or to take the vacation at a later date. If the death occurs during a period of time off of greater than one (1) week (such as a period of vacation, shutdown, down weeks, or a combination thereof), the employee shall be paid for the bereavement period in lieu of taking the time off at a later date.

Article 28, Section 81

- (e) In the event a member of the employee's immediate family, as herein defined, dies while in the active service of the United States, the employee may, should the funeral be delayed, postpone the use of one day of the bereavement period of up to three (3) or five (5) days, as the case may be, to permit him to attend the funeral.
- (f) In the event the remains of a member of the employee's immediate family, as herein defined, is not buried in continental North America solely because the circumstances of the death has resulted in the physical destruction of the body or the body has been donated to an accredited North American hospital or medical center for research purposes, the requirement that the employee attend the funeral will be waived.

SECTION 82. TUITION REFUND.

- (a) The Company offers and administers a tuition refund program under which employees in active service, who satisfactorily complete after hour courses, approved by the Company at appropriate educational institutions, receive the full amount of the tuition and compulsory fees paid (less tax deductions) upon satisfactorily completing the approved course.
- (b) The education institutional may be any accredited college, university, correspondence school, secondary school, business, trade or vocational school.
- (c) Courses selected by the employee under this Plan will be considered acceptable if they meet one or more of the following conditions:
1. They are job-related -- that is, they will tend to improve the employee's performance on the current job; or
 2. They are a part of a curriculum leading to a degree in a field which is job-related; or

Article 28, Section 82

3. They will help prepare the employee for future assignments with the Company for which the employee might reasonably be expected to qualify; or
 4. They are courses taken to complete the requirements for a grammar school certificate or high school diploma; or
 5. They are basic education courses designed to provide an elementary level of competency in reading, writing and mathematical skills; or
 6. They are courses of instruction directed towards qualifying an employee as an apprentice in Company-related skilled trades.
- (d) The Company has also agreed to provide a Tuition Reimbursement Program for laid off employees which will provide a maximum of one thousand two hundred fifty (\$1,250) per year for trade, business, or vocational school training. Employees will qualify for this tuition reimbursement based on the criteria established above. However, tuition reimbursement will be permitted for any reasonable vocational or technical purpose, subject to Company approval, on a case-by-case basis.
- (e) The Parties have expressed a joint commitment to contact the educational, vocational or technical institutions referenced above in an effort to develop a deferred tuition payment plan. Payment of tuition and fees to the institution will, however, continue to be the employee's responsibility with reimbursement to the employee after successful completion of the course.

Article 28, Section 83

SECTION 83. EROSION OF BARGAINING UNIT.

It is the policy of the Company not to reassign bargaining unit work unreasonably, arbitrarily or capriciously so as to erode any bargaining unit covered by this Master Agreement. Any claim or grievance by the Union alleging the reassignment of bargaining work so as to erode any bargaining unit covered by this Master Agreement shall be taken up directly with the designated representative at the facility where the claim or grievance arises, and the parties shall attempt to resolve the issue.

If such claim or grievance is not satisfactorily settled or withdrawn by the Union, the matter shall be referred to the review step for disposition in accordance with Article 5 of the Master Agreement.

If the parties at the review step are unable to resolve such claim or grievance, the matter may be submitted to arbitration. If the arbitrator determines that the Company has reassigned bargaining work in violation of the first paragraph above, the arbitrator shall be empowered to direct that the work be returned to the bargaining unit. The arbitrator shall not, however, be empowered to assign to the bargaining unit any work which has not been conclusively demonstrated as previously being performed by bargaining unit personnel.

SECTION 84. JOINT EDUCATION AND TRAINING COMMITTEE.

The parties shall establish a joint Committee at each bargaining unit. This Committee consisting of the local President, Chairperson and designated Committeeperson as well as the Human Resources Supervisor of Training and any other additional members of management as needed, shall meet periodically to consider ways and means of developing appropriate training and educational programs. Such programs shall be geared towards efforts to enable employees to enhance their educational background and job related skills in order to broaden their job opportunities within the Company. The joint Committee shall not be

Article 28, Section 84

restricted to a particular agenda or particular problems, but shall use its efforts towards the objective stated herein as informally and as effectively as possible.

SECTION 85. PHYSICAL EXAMINATIONS

Employees on the second and third shifts who are required to take physical examinations shall be compensated for time so spent, provided they appear for such physical examination at the time specified by the Company and provided, further, that such compensated hours shall not be utilized in any manner for overtime premium purposes.

SECTION 86. NON-FELONIOUS INCARCERATION.

In the event an employee is detained in a jail on any non-felonious charge, the employee shall not be automatically discharged by reason thereof, but the employee's case shall be reviewed on its merits taking into consideration all the circumstances, to determine whether or not a leave of absence for the period of detention shall be granted.

SECTION 87. COMPANY RULE CONFLICT.

In the event that the Company's rule books or other rules conflict with the provisions of this contract, this contract shall control.

SECTION 88. EMPLOYEE ORIENTATION.

The parties agree to continue and expand the Employee Orientation Program which is to be developed and administered jointly. When such program is shown to new employees, the Union will be afforded the opportunity to participate in its presentation by having one of its existing, paid Union representatives present. Such presentation will not be on Company time.

Article 28, Section 89

**SECTION 89. SUPPORT FOR LOCAL EFFORTS TO
COMBAT ALCOHOL AND DRUG ABUSE**

The Parties agree that the problems of alcohol and drug abuse are being handled in various ways at each of the operations covered by this Master Agreement and each such local program was found to be substantially effective. It is mutually agreed that such programs shall be continued during the term of this agreement.

SECTION 90.

Additional specific provisions of a general nature are contained in the respective Local Supplemental Agreements.

ARTICLE 29 - POSTING CONTRACT

Management will promptly provide a sufficient number of printed copies of the Master Agreement to each of the Local Unions covered by this Agreement for distribution to each represented employee. The Parties will jointly proof read the Agreement prior to printing to assure accuracy.

ARTICLE 30 - SUCCESSORS

This Agreement shall be binding upon the employer's successors, assigns, purchasers, or transferees whether such succession, assignment or transfer be affected voluntarily or by operation of law; and in the event of the employer's merger or consolidation with another company or companies, this Agreement shall be binding upon the merged or consolidated company.

The employer further agrees to make a condition of any sale, merger, reorganization, transfer or assignment that the buyer or transferee will assume the existing collective bargaining agreement as a condition of such sale, transfer

Article 30

or assignment. The Parties further agree that in the event of Article 30 any dispute regarding the application of this language, the employer will agree to expedited arbitration such that a final and binding award can be rendered prior to any such sale, merger, reorganization or transfer.

ARTICLE 31 - DURATION

SECTION 91.

Except as otherwise provided for in this Master Agreement, or in the various Local Supplements, the effective date of these Agreements shall be the 2nd day of October 2001. This Master Agreement and its Local Supplemental Agreements shall continue in full force and effect until 11:59 p.m., October 1, 2004.

These Agreements shall continue in effect for successive yearly periods after October 1, 2004, unless notice is given in writing by either Party not less than sixty (60) days prior to October 1, 2004, or any one (1) year anniversary date thereafter, of its desire to modify, amend or terminate these agreements. If such notice is given by either Party, this Agreement shall be open for modification, amendment or termination, as such notice may indicate during the sixty (60) days prior to October 1, 2004, or the subsequent one (1) year anniversary date, as the case may be. Written proposed changes with respect to the Master Agreement and Local Supplemental Agreements shall be given by either Party not less than sixty (60) days prior to October 1, 2004. Upon receipt by either Party of the written notice provided for above, the Parties shall promptly arrange a mutually agreed upon date to commence negotiations pursuant to any such written notice.

Article 31, Section 92

SECTION 92. CONDUCT OF NEGOTIATIONS.

Negotiations pursuant to Section 91 above shall be conducted in accordance with the applicable provisions of Subsections (a), (b) and (c) below and any new agreements between the Parties resulting therefrom shall not be binding or effective unless reduced to writing and signed by the Parties designated in Subsections (a), (b) and (c) below.

(a) Master Agreement

Amendments to this Master Agreement or new agreements affecting same or adding to same shall be negotiated by the Top Negotiating Committee of the UAW Mack Truck Council, International representatives of the Union and representatives of the Company, and shall be signed by the Corporate Director of Employee Relations of the Company, the members of the Top Negotiating Committee of the Council, and the Director of the UAW Mack Truck Department.

(b) Local Supplements

With respect to Local Supplemental Agreement issues negotiated locally in accordance with the provisions of Section 91 of this Article, resulting modifications in such Local Supplemental Agreements or any agreements affecting or adding to same shall be negotiated by the respective Local Union representatives who are members of the Top Negotiating Committee of the Council (who may have the assistance of International representatives of the Union) and representatives of the Company, and shall be signed by the Company's local Human Resources Manager and such Local Union representatives.

Article 31, Section 92

(c) Unsettled Issues of Local Supplemental Agreements

With respect to any Local Supplemental Agreement issues which are *not* settled through local negotiations and which, therefore, are negotiated jointly along with the Master Agreement issues in accordance with the provisions of Section 91 of this Article, resulting modifications in such Local Supplemental Agreements or new agreements affecting same or adding to same shall be negotiated and executed in accordance with (a) above.

SECTION 93. MODIFICATION OF MASTER AGREEMENT DURING LIFE OF AGREEMENT

Modifications in this Master Agreement which occur during its term shall be negotiated by the Parties set forth in Section 92(a) above and shall be signed by those named in Section 92(a) above. This provision shall not restrict the Parties from addressing operational issues on a non-precedent setting basis as provided for in Letter of Agreement #22.

SECTION 94. MODIFICATION OF LOCAL SUPPLEMENTAL AGREEMENTS DURING LIFE OF AGREEMENT

Modifications in the Local Supplemental Agreements or new agreements affecting or adding to same, other than those referred to in (b) and (c) in Section 92 above, and which occur during the term of such Local Supplemental Agreements, shall be negotiated by the respective Local Union Committee and respective Local facility management representatives, and shall be signed by the Company's local Human Resources Manager and the members of the respective Local Union Committee. This provision shall not restrict the Parties from addressing operational issues on a non-precedent setting basis as provided for in Letter of Agreement #22.

Article 32

ARTICLE 32 - PROFIT SHARING PLAN

The understanding of the Parties concerning the Profit Sharing Plan is set forth in Appendix "E" attached hereto and made a part hereof.

**ARTICLE 33 - MACK PROTECTED EMPLOYEE GROUP
PLAN**

The understanding of the Parties concerning the Mack PEG (Protected Employee Group) Plan is set forth in Appendix "F" attached hereto and made a part hereof.

ARTICLE 34 - LEGAL SERVICES PLAN

The understanding of the Parties concerning the Mack Legal Services Plan is set forth in Appendix "G" attached hereto and made a part hereof. No matter respecting the provisions of the Legal Services Plan shall be subject to the grievance procedure established in this Agreement, except as expressly provided for in the Legal Services Plan.

EXHIBIT "1"

AUTHORIZATION FOR CHECK-OFF OF DUES

(Does not apply to the Winsboro and Atlanta Units. For those Units, see Exhibit "1-A".

TO: Mack Trucks, Inc.

I hereby assign to Local Union No. _____, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), from any wages earned or to be earned by me, any Settlement Bonus, any payments made under the Profit Sharing Plan, any regular benefits paid under the Supplemental Unemployment Benefits Plan or any back pay awards for time lost from work as a result of a disciplinary suspension or discharge (hereinafter referred to collectively as "pay"), in each case as your employee (in my present or in any future employment by you) such sums as the Financial Officer of said Local Union No. _____, may certify as due and owing from me as membership dues, including an initiation or reinstatement fee and monthly dues in such sum as may be established from time to time as union dues in accordance with the Constitution of the International Union, UAW. I authorize and direct you to deduct such amounts from my pay, and to remit same to the Union at such times and in such manner as may be agreed upon between you and the Union at any time while this authorization is in effect. This assignment, authorization and direction shall be irrevocable for the period of one (1) year from the date of delivery hereof to you, or until the termination of the collective agreement between the Company and the Union which is in force at the time of delivery of this authorization, whichever occurs sooner; and I agree and direct that this assignment, authorization and direction shall be automatically renewed, and shall be irrevocable for successive periods of one (1) year each or for the period of each succeeding applicable collective agreement between the Company and the Union, whichever shall be shorter, unless written notice is given by me to the Company and the Union, not more than twenty (20) days and not less than ten (10) days prior to the expiration of each period of one (1) year, or of each applicable collective

agreement between the Company and the Union, whichever occurs sooner.

This authorization is made pursuant to the provisions of Section 302 (c) of the Labor Management Relations Act of 1947 and otherwise.

Contributions or gifts to the UAW are not deductible as charitable contributions for Federal Income Tax purposes.

(Signature of Employee Here)

(Address of Employee)

(Type or print name of employee here)

(City) (State) (Zip Code)

(Employee's Badge No.)

EXHIBIT "1-A"

AUTHORIZATION FOR CHECK-OFF OF DUES

(Applies to the Winnsboro and Atlanta Units.)

TO: Mack Trucks, Inc.

I hereby assign to Local Union No. _____, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), from any wages earned or to be earned by me, any Settlement Bonus, any payments made under the Profit Sharing Plan, any regular benefits paid under the Supplemental Unemployment Benefits Plan or any back pay awards for time lost from work as a result of a disciplinary suspension or discharge (hereinafter referred to collectively as "pay"), in each case as your employee (in my present or in any future employment by you) such sums as the Financial Officer of said Local Union No. _____, may certify as due and owing from me as membership dues, including an initiation or reinstatement fee and monthly dues in such sum as may be established from time to time as union dues in accordance with the Constitution of the International Union, UAW. I authorize and direct you to deduct such amounts from my pay, and to remit same to the Union at such times and in such manner as may be agreed upon between you and the Union at any time while this authorization is in effect. This assignment, authorization and direction may be revoked at any time.

This authorization is made pursuant to the provisions of Section 302 (c) of the Labor Management Relations Act of 1947 and otherwise.

Contributions or gifts to the UAW are not deductible as charitable contributions for Federal Income Tax purposes.

(Signature of Employee Here)

(Address of Employee)

(Type or print name of employee here)

(City) (State) (Zip Code)

(Employee's Badge No.)

Exhibit #2 - Sourcing Procedure

- (a) At the time the Company decides to conduct a formal study of a matter that may be subject to the Sourcing Process the affected UAW Sourcing Representative will be advised of the study.
- (b) At the time the study is completed it will be provided to the UAW Sourcing Representative. Completed formal studies of matters that may be a subject of the Sourcing Process will contain all of the relevant data considered by Management in arriving at a decision. Generally, the relevant information provided will include, as applicable, material, labor, capital requirements, tooling costs, and warranty considerations. Reasonable requests for additional information will be provided in a timely manner.
- (c) Within two weeks of the receipt of the study, the Local Sourcing Committee will provide a response to the sourcing question.
- (d) In the event the UAW Sourcing Representative has a matter he/she wishes to have considered in the Sourcing Process; the matter will be presented to the Management Sourcing Representative and considered for study. In the event Management does not believe the matter warrants an expenditure of resources for a complete study the UAW Sourcing Representative will be advised in writing, within six weeks. At the time management determines a study to be viable, the union will be provided an estimated time for completion. In the event the UAW Local Chairperson wishes to pursue the matter further the available venue to address the matter is with the UAW Mack Department Administrative Assistant.
- (e) The facility Human Resource Manager is the responsible party to assure the Sourcing Process as described herein and the language of Article 27, Section 77 (a) is not violated.

- (f) The UAW Mack Department Administrative Assistant and the Mack Trucks Vice President of Human Resources are committed to holding sessions with a frequency sufficient to assure expedient resolution of the matters for which they are responsible. Unresolved issues will be referred to the National Sourcing Committee.
- (g) Certain sourcing matters will be solely within the purview of the UAW Mack Department Administrative Assistant and the Mack Vice President of Human Resources. Unresolved issues or issues involving more than one facility will be referred to the National Sourcing Committee.
- (h) This process should allow Local UAW Sourcing Representatives to become involved in value added activities to improve operations.

The National Sourcing Committee's approval is needed to outsource any proposal in dispute.

Exhibit 3

SOURCING

A. NATIONAL SOURCING COMMITTEE

1. UAW -
2 representatives from UAW International - Mack Trucks Department and Shop Chairpersons from Macungie, Hagerstown, Winnsboro shop, and Allentown Office and Engineering bargaining units.
2. Mack Trucks, Inc. -
Executive Vice President, Administration, Vice President, Labor Relations and three (3) Company representatives appointed by the Executive Vice President, Administration.
3. In the event a matter comes before the National Sourcing Committee from a bargaining unit that does not have a full-time sourcing representative, an active employee from the bargaining unit in question would be appointed by the Director of the UAW - Mack Trucks Department to join the National Sourcing Committee on an ad hoc basis in its consideration of the matter. Likewise, the Company will appoint an individual from the location in question to join the National Committee on an ad hoc basis to consider the matter.

B. LOCAL SOURCING COMMITTEES

1. Macungie, Hagerstown and Winnsboro Shops

UAW -

one full time sourcing representative in each unit, who will be appointed by the Director of the UAW - Mack Trucks Department. Appointees must be active employees at the time of appointment.

2. Parts Distribution Centers, Office and Engineering Sections and Remanufacturing Center

UAW -

a sourcing representative shall function on an "as needed" basis to accomplish the scope of responsibility as set forth for the local sourcing committees in Section D. below who shall be appointed by the Director of the UAW-Mack Trucks Department.

3. Mack Trucks, Inc. -

a sourcing representative will be assigned by the Company at all Master Agreement bargaining unit locations involved in sourcing initiatives to work with their UAW counterparts. The management sourcing representative may assign various duties to the appropriate staff to support the process.

C. OBJECTIVES

1. Growth and viability for the Company and the Union
2. All decisions of the National Committee or Local Committee will be based on present and future ramifications.

D. SCOPE OF RESPONSIBILITY

1. Local Committees
 - a. Refer to Exhibit 2.
2. National Committee

- a. National Committee approval will be needed if:
 - (1) there is no agreement at the Local Sourcing Committee level or
 - (2) the sourcing decision in question impacts another bargaining unit covered by the Master Agreement
- b. National Committee will support the activities of the Local Committees, as needed.
- c. National Committee will hold quarterly meetings, and keep the Company, Local Union and International Union informed of subjects of discussion and results

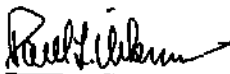
IN WITNESS WHEREOF, the Parties have executed this MASTER AGREEMENT this 2nd day of October, 2001.

FOR THE INTERNATIONAL
UNION:

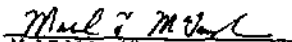


Nate Gooden
Vice President UAW
Mack Trucks Dept.

FOR THE COMPANY:



Paul L. Vikner
President & CEO
Mack Trucks, Inc.



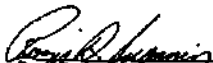
Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration



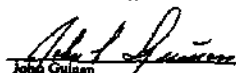
Larry R. Belles
Director
Employee Relations



Dave McAllister
Administrative Assistant



Roger D. Suriano
Labor Counsel



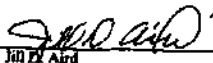
John Gulaan
Administrative Assistant



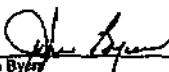
John H. Widman
Labor Counsel



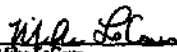
Frank Musick
Director of Special Projects

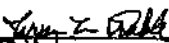



Jim P. Aird
Manager
Labor Relations


John Byers
Coordinator


Ron Dannenhower
International Representative

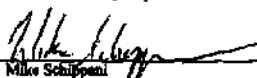

Mike LaCour
International Representative


Jerry Rubla
International Representative



John R. Collings
Sr. Consultant UAW
Social Security Dept.

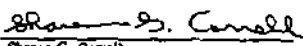

Jim Howe
Assistant Director
Health and Safety Department



Dave Selkowitz
International Representative
Health and Safety Department



Mike Schippani
International Representative
Research Department

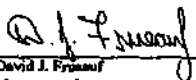

Mark McCrea
ODP
Sales and Marketing

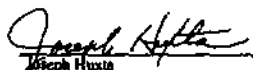

Terry J. Chyman
Supervisor
Human Resources


Sharon G. Correll
Manager Health & Insured
Benefits


Craig M. Curry
Labor Relations


Donald L. DeVore, Jr.
Director
Human Resources


David J. Frysaul
Manager
Human Resources


Joseph Huxta
Manager Benefit Cost
Management

Jeff Pohn

Jeff Pohn
Committeeperson

Stephen J. Marzen, Sr.

Stephen J. Marzen, Sr.
Committeeperson

Donna S. Turick

Donna S. Turick
Committeeperson

Jack E. Druckenmiller

Jack E. Druckenmiller
Committeeperson

Kelvin D. DeLong

Kelvin D. DeLong
Committeeperson

Cornelius F. McHugh

Cornelius F. McHugh
Committeeperson

Ralph M. Menden

Ralph Menden
Alt. Committeeperson

FOR LOCAL NO. 1247

R. Dale Williams

R. Dale Williams
President

Paul H. Strausser, Jr.
Paul H. Strausser, Jr.
Eng. Unit Chairperson

Donna S. Dresser
Donna S. Dresser
Office Unit Chairperson

FOR LOCAL NO. 2301

Tom Jankowski
Tom Jankowski
President

FOR LOCAL NO. 5841

A. E. "Skip" Ritter
A. E. "Skip" Ritter
President

Steve Shobert
Steve Shobert
Vice President

Larry W. Miller
Larry W. Miller
Shop Chairperson

Randy Jordan
Randy Jordan
Committeeperson

Willard P. Beck

Willard P. Beck
Committeeperson

Gary D. Speth

Gary D. Speth
Committeeperson

MASTER LETTERS OF AGREEMENT

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 1995 M.O.A.
 Transfer Options

Letter #1

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Equal Employment Opportunity

Over the years, the Company and the Union have demonstrated leadership in developing policies and putting them into practice to overcome discrimination because of race, sex, age, physical handicap, political or religious affiliations, and national origin. Our discussions in this area have convinced the Parties that it would be mutually beneficial to institute an "Equal Employment Opportunity" program at the Corporate/ International level and at our Local operations. This program will maximize adherence to the concept of equal opportunity in all aspects of employment and emphasize the contractual grievance procedure for relief of alleged violations of this principle.

Discussions during these negotiations highlighted the desirability of increased communication and cooperative effort on this subject to encourage employees and grievance representatives to use the grievance procedure to secure the prompt resolution of all claims of the denial of equal opportunity rights, and to determine the cause of such claims in order to reduce the probability of these claims arising or recurring, and for the following purposes: (a) To increase understanding, (b) To avoid multiplicity of litigation in many forms simultaneously which is frequently time consuming, contradictory and hence non-productive in relieving employee problems, (c) To seek solutions to mutual problems, (d) To exchange information, expertise and advice.

Accordingly, the Parties agreed to establish the following Equal Employment Opportunity Committee(s):

The Joint Corporate/International EEO Committee will be composed of two (2) representatives of the International Union and two (2) representatives of the Company.

The Joint Corporate/International Committee will meet as frequently as is mutually deemed desirable or necessary and its functions shall be the following:

- A. Explore affirmative concepts and programs that will enhance equal employment opportunity.
- B. Review and discuss ways and means of encouraging employees and grievance representatives to use the grievance procedures as the exclusive contractual method to resolve claims of denial of equal opportunity rights.
- C. Maintain liaison with appropriate federal and state agencies in those circumstances where the Parties agree that such liaison would be mutually beneficial.
- D. Advise and counsel Local Equal Employment Opportunity Committees.

Local Equal Employment Opportunity Committees (Local EEO Committees) may be established at operations covered by the Master Agreement.

Such Local EEO Committees shall be composed at each location of two (2) representatives of the Company and two members from the respective Local Union.

Local EEO Committees will meet quarterly or as frequently as is mutually desirable or necessary, and shall have the following functions:

- A. Recommend to the Joint Corporate/International Committee ways and means of promoting use of the grievance procedure as the exclusive contractual method for resolving claims of denial of equal opportunity rights.

- B. Recommend action with respect to specific instances of practices in order to minimize grievances alleging such claims.
- C. Suggest guidelines for Union and Company representatives' action in the grievance procedure in the proper, prompt handling of grievances.
- D. To review copies of all written grievances involving discrimination filed by employees in the bargaining unit. The Human Resources Manager will furnish copies of such grievances to the Committee.

The Parties continue to recognize their legal and moral responsibility for ensuring that all Company employees have equal employment opportunities and freedom from discrimination as set forth in the Agreement.

Consequently, the function of the Joint Corporate/International Equal Employment Opportunity Committee and Local EEO Committees shall be advisory, consultative and cooperative. While the Company and the Union will welcome the recommendation of the Committees, the Committees may not commit either Party to a specific course of action. However, the Union agrees that it will discourage its members from bypassing the grievance procedure with respect to any claim or complaint against the Company which may be made the subject of a grievance under the Contract.

Provisions for payment to Union members of the Local E.E.O. Committee for attending E.E.O. Committee meetings are contained in the appropriate Local Supplemental Agreements.

Very truly yours,
MACK TRUCKS, INC.

M.T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #2

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW – International
8000 East Jefferson Avenue
Detroit, Michigan 42815

Dear Mr. Gooden:

Re: Equality of Sacrifice

During the 1987 negotiations concerning the economic provisions of the new Agreement, the Union expressed concern that non-bargaining employees contribute equally to those wage and benefit adjustments necessary to achieve mutual growth and job security.

The Company agrees with the position of the Union that all employees should share equitably in the contributions necessary during this difficult period. The Company also pointed out that a number of reductions in compensation and benefit levels have already been instituted for non-bargaining employees. The Company stated that it may restore these reductions on a non-retroactive basis (without paying back pay or covering prior benefit claims) when financial conditions permit.

At the same time, the Company assured the Union that such restorations would be done in a manner consistent with the intent of this letter and the sacrifices agreed upon by bargaining unit employees. The Company will inform the Union of its plans to restore any wage and benefit adjustments for non-bargaining employees during the term of this Agreement.

At the same time, the Company assured the Union that, with recognition of such past actions, economic adjustments for the non-bargaining employees will be comparable to those applied to hourly and salaried employees represented by the Union. Included in this commitment is the assurance that,

should specific wage or benefit items (for which both groups of employees have made identical contributions) be restored, or should any new general wage or benefits be granted to non-bargaining employees during the 1987 Agreement, restoration or grants of comparable value to employees will automatically be applied to employees represented by the Union.

The existing "Equality of Sacrifice" letter is hereby expanded to provide that the Company will neither pay nor accrue profit-based incentive or bonus awards for management personnel with respect to any year in which profit sharing payments are not provided under the Mack-UAW Profit Sharing Plan.

Very truly yours,

MACK TRUCKS, INC.

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #3

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Federal Health Security Act

This confirms our understanding that, notwithstanding Article III, Section 9 of Appendix B, if during the term of the collective bargaining agreement between the Company and the Union signed today, any national health insurance act (other than a Workers' Compensation or occupational health law) is enacted or amended to provide hospital, surgical, medical, prescription drug, dental or vision benefits for employees, retired employees, surviving spouses, and their dependents, which in whole or in part duplicate or may be integrated with the benefits under the Program, the benefits under the Insurance Program shall be modified in whole or in any part, so as to integrate or so as to eliminate any duplication of such benefits with the benefits provided by such federal law. This integration shall be designed to maintain such integrated benefits as nearly comparable as practicable to the benefits provided in the Insurance Program. Such integration shall not result in persons covered under the Program having to pay deductibles or copayments for Insurance benefits which they would not otherwise pay under the insurance program.

If any such federal law is enacted or amended, as provided in the paragraph above, the Company will pay, beginning with the date benefits under such law become available and continuing through October 1, 2004, any premiums, taxes or contributions that employees who are eligible for Company-paid coverage under the Insurance Program may be required to pay under the law for benefits which may be

integrated with the Insurance Program. This includes payments that are specifically earmarked or designated for the purpose of financing the program of benefits provided by law, in addition to any premiums, taxes or contributions required of the Company by law. If such premiums, taxes or contributions are based on wages, the Company will pay only the premiums, taxes or contributions applicable to wages received from the Company. Any savings realized by the Company from integrating or eliminating any duplication of benefits provided under the Insurance Program with the benefits provided by law, shall be retained by the Company.

These understandings are conditioned on the Company obtaining and maintaining such governmental approvals as may be required to permit the integration of the benefits provided under the Insurance Program with the benefits provided by any such law; otherwise the Company and the Union shall meet and develop an acceptable alternative to accomplish the intent of this letter for the remaining term of the agreement.

Very truly yours,
MACK TRUCKS, INC.

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

6

Letter #4

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden

Re: National Executive Committee

The parties to this agreement recognize that the long term viability of the Company is essential to ensure employment opportunities and job security for the maximum number of employees within the Company. In order to work toward these mutual objectives in an environment which fosters cooperation and understanding between all interested parties, the Company and the Union have agreed to form a committee made up of eight members of which four will be appointed by the Director of the UAW Mack Trucks Department (Vice President of Mack Trucks Department UAW, the Administrative Assistant, the National Servicing Representative, and the Regional Servicing Representative for the area and/or designated expert, if needed) and four to be designated by the Executive Vice President-Administration for Mack Trucks, Inc. (Vice President Human Resources, Director of Labor Relations, Director of Training, and the necessary member of management as designated).

This Committee will be responsible for coordinating the efforts of Union and Management officials toward mutually established goals for the life of this Agreement. The Committee will meet on an annual or mutually agreeable basis to discuss items of significance to the Union, the employees and the Company.

Agendas which will be agreed upon prior to these meetings could include, but need not be limited to:

- Discussing the employment impact of the Company's overall strategies and considering possible alternatives which would improve operating efficiencies and enhance job security.
- Identifying local projects which could be implemented at the Company's facilities.
- Recommending new approaches for improving product quality.
- Improving communications and the exchange of information between the Union and the Company.
- Discussing the development of new technology and its impact throughout the Company upon the scope of bargaining units.

Further, the parties have recognized the need to promote training, retraining and personal development activities which would improve job skills, thereby enhancing job security for Mack Trucks' employees and contributing to the competitiveness of the Company. As a result, the National Executive Committee will, during the life of this Agreement, develop a joint UAW Mack Trucks Employee Development and Training Program. The objectives of which will include the following:

provide opportunities to both active and laid-off employees to upgrade their job skills; and thereby

improve their job placement and job retention possibilities relative to their seniority; and

thereby contribute toward the goal of retaining senior employees at work and assist laid-off UAW Mack Trucks' employees in finding suitable employment outside of Mack Trucks

Beginning with the effective date of this Agreement, the Company's contribution obligation to the Joint Training Fund shall be equal to \$.08 for all hours compensated including overtime hours, by UAW-represented employees.

Training programs developed under this letter of Agreement and the allocation of funds from the Joint Training Account shall continue to be administered jointly by Union and Company members of the National Executive Committee.

In the event that expenses of mutually agreed programs exceed amounts accumulated in the joint training accounts, Mack Trucks will contribute additional funds as needed. In addition, the Union and Company will cooperate in attempts to obtain funding for training purposes from various governmental agencies.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #5

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Medical Disputes

During the course of 1998 negotiations, the parties discussed the problem of resolving medical disputes concerning the existence or nonexistence of either a total or partial disability which arise in the application of the applicable provisions of the Agreement.

The parties shall immediately meet following notification that a dispute exists and shall select an appropriate physician to perform an Independent Medical Examination (IME) as expeditiously as possible to determine the status of the employee. The physician selection process will be by mutual agreement or from a previously agreed upon panel of physicians whose credentials will be periodically reviewed. The disability benefit shall be continued through the date the results of the scheduled IME are received, unless the employee returns to work prior to this date. If the IME determination is that the employee is able to work, or if the employee fails to appear for the scheduled IME without a justifiable reason, the benefit shall be terminated immediately and the employee instructed to return to work. If the determination is that the employee is unable to return to work, benefits shall be continued until it is determined that the employee is able to return to work.

The resulting decision will be binding upon the parties. The Union and Company will share equally any costs resulting from such appointments.

The parties agree that the following procedures shall apply to the IME:

1. The physician performing the IME[✓]
 - (a) be provided all needed medical documentation by both the Company and the employee or his treating physician
 - (b) conduct a telephone conference call with the Company and the employee to answer any questions he may have
 - (c) complete a physical capacities form to the employee following the IME
2. If the employee returns to work and then goes off work again due to the same injury, illness, or condition, the employee shall be referred to the same physician for a new IME.

Very truly yours,
MACK TRUCKS, INC.

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #6

(Reference 1992 Contract)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Neutrality Letter

During 1992 negotiations, the Parties discussed at length the issues of mutual respect and acceptance, particularly as they apply to UAW organizing efforts at the Company's non-represented facilities. The Company assured the Union that it in no way wishes to impede the UAW's legitimate institutional interests in organizing production/ maintenance, clerical, technical, or warehouse employees at any Mack Trucks, Inc. facilities. In order to provide tangible evidence affirming this commitment, the Company agrees to:

1. Maintain a neutral position with respect both to the UAW and the issues of Union representation generally during any organizing campaign conducted by the UAW at any Mack Trucks, Inc. facilities for an appropriate bargaining unit of production/maintenance, clerical, technical, or warehouse employees.
2. Recognize the UAW as the sole and exclusive collective bargaining agent for an appropriate bargaining unit of production/maintenance, clerical, technical, or warehouse employees at any Company facilities on the basis of a card check in which a majority (fifty percent plus one) of the employees signed an authorization card.

3. Extend all terms and conditions of the Master Agreement to any facility whose employees have chosen the UAW as their collective bargaining representative.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #7

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: New Manufacturing and Parts
 Distribution Facilities

In recognition of the discussion during the 1987 contract negotiations regarding the establishment of new manufacturing facilities engaged in operations identical or similar to those performed in facilities where the UAW currently holds representation rights under this Master Agreement, the Company and Union agree as follows:

- (1) For thirty-six (36) months from the date the first Production and Maintenance, Office and/or Engineering employee is placed in a new non-represented facility, the Company will give preference to employees for production and maintenance, office, engineering and parts distribution jobs under the terms of the Master Recall List over applications of individuals who are not on such list.
- (2) This means that, for this three (3) year period, the Company will staff the new facility largely (at least two-thirds) with employees who are on the Master Recall List, and the remainder with applicants from the new location in order to fulfill the Company's commitments to EEO policies and in recognition of any favorable financing obtained from local or state government.

- (3) An employee hired at the new facility under the terms of this Agreement will receive wages and benefits under the wage, classification, and benefit schedules established for all production and maintenance, office, engineering and/or Parts Distribution Center employees at the new facility.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #8

(Reference 1982 Contract)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Voluntary Political Contributions

It is agreed between Mack Trucks, Inc. and the International Union, UAW (the Union) that the following understandings have been reached in connection with the Union's request that the Company make deductions for voluntary political contributions from the paychecks of Company employees represented by the Union.

1. The designated financial officer of each Local Union will furnish to the local management for each employee for whom a deduction is to be made, an authorization card signed by the employee containing the following information:
 - a. Name
 - b. Employee Number
 - c. Department Number
 - d. Address
 - e. Social Security Number
 - f. Local Union Number
 - g. Amount to be deducted each month elected by the employee on the deduction card).
 - h. Date of Signature

Voluntary contributions will start in the month following delivery to the Company if such authorization card is delivered not later than the 20th day of the month.

2. The Company will make such authorized deductions from wages earned and issued during the third full pay period (or subsequent pay periods) of the month and will continue the deductions while such authorization is in effect.
3. The Company will issue three separate checks payable to the UAW V-CAP, in care of the UAW's National CAP Department for deductions made in the preceding month. The UAW's Voluntary Political Contributions Fund (V-CAP) is in full compliance with the Federal Election Campaign Act. Overpayment to the Union resulting from canceled employee authorizations will be refunded by the UAW International Union's Voluntary Political Contributions Fund (V-Cap).
4. A monthly report will be provided to the Local Union financial officer and regional office which will indicate name, employee number, Local Union number, social security number, month and year-to-date deduction for each member.
5. Three separate magnetic tapes will be furnished, upon request, not to exceed four times a year, in the following format:

Local/location, department, social security number, employee number, first name and initial, last name, address, shift, current deduction, year-to-date deduction amount, company code to be assigned by National CAP Department.
6. Mack Trucks and the UAW, during the 1987 negotiations, agreed that the cost of this program was included in the overall economic settlement which includes the initial setup and programming costs, all general administration costs, computer and machine time, and all costs associated with the processing of new authorization, changes or cancellations.
7. Employees who wish to cancel their authorizations for payroll deductions will sign a card supplied by the Union for that purpose.

8. The designated financial officer of the Local Union will collect and forward to local management as one transmittal, all signed authorization cards and cancellation cards for the initial processing and for each subsequent monthly period.
9. In the event of layoff or transfer, the Union-covered employee's authorization card will be held with payroll records and reinstated upon said employee returning to a job covered by the Agreement.
10. The Company shall implement this program at any time after July 1, 1987, upon the Union's request.
11. The Union will indemnify and hold the Company harmless from any and all liability or claims arising from administrative error resulting from the deductions provided for in this agreement.

Very truly yours,

M.T. McLaughlin
Senior Vice President
Administration

Letter #9

(Original date July 7, 1998)

October 1, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

**Re: Procedure to be Followed if Wages or Benefits
Disallowed or Postponed - Reissue**

If a governmental agency having appropriate authority holds that any increase in wages or benefits provided for by this Master Agreement or by any Local Supplemental Agreement thereto is disallowed or postponed, the Company will periodically, as the proscribed payments become due, place in escrow an amount of money equal to that necessary to provide the wages and benefits so disallowed or postponed, if so doing is permissible under Government regulations. The Parties will negotiate means of making available to employees benefits equal in value to any monies so deposited in escrow in a manner that will be permissible under Government regulations.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #10

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Supervisory Ratio - Reissue

During the 1987 negotiations, the Union expressed its concern over the number of supervisory employees retained over the number of bargaining unit employees they supervise at each of the UAW facilities covered by this Master Agreement. Both parties recognize that there could be cases in some locations where these ratios could be for good business reasons in keeping with the Company's intent to minimize current operating costs as well as to retain a management structure which is conducive to the highest possible standards of product quality and operating efficiency.

Further, the parties recognize that there could be cases in some locations where there may appear to be disproportionately high numbers of supervisors to bargaining unit employees they supervise. Even though there are logical and justifiable reasons for retaining supervisors during periods of manpower reductions, the Company is sensitive to the concerns expressed by the Union on this subject.

During the negotiations, the Company indicated that its objective is to continue to reduce the number of supervisory employees in relationship to employees being supervised. This can be accomplished through recall of represented employees or by attrition or reduction of supervisory employees. The Company advised the Union that several plants need to more aggressively pursue this matter until acceptable results are fulfilled. Therefore, Company and

International Union representatives agree to meet in approximately ninety (90) days and again in one hundred eighty (180) days from the ratification of this Agreement to review the relationship of supervisory and bargaining unit employees.

It is also agreed that the Union may, within thirty (30) days following the Company's receipt of written notice of ratification, provide data to the local management with respect to current claims that there are excessive numbers of supervisors to represented personnel at a particular location. Therefore, at each facility covered by this Master Agreement, the location manager or his designated representative will, upon the request of the Union, meet with the appropriate Union officials to discuss such claims and future claims in which the Union feels Management is not adhering to the intent of this letter.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #11

Original Date: May 26, 1998

October 5, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, MI 48214

Dear Mr. Gooden:

Re: Sourcing

Consistent with the parties concern for optimizing job security opportunities for our employees, the Company and the Union have established in Article 27 Section 7Z Local and National Sourcing Committees to submit insourcing and outsourcing recommendations where a part, component, function or operation can be shown to be manufactured or performed internally or externally in a manner superior to that of current operating conditions on the basis of quality, delivery and cost.

Management reserves the right to unilaterally initiate and reverse at will permanent and trial insourcing decisions made outside the Sourcing Process.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #12
(Original dated July 7, 1998)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Union/Management Relationship

Mack Trucks, Inc. and the UAW have made a sincere effort to resolve issues through the negotiation process. Each of us recognize that a strike represents a tangible failure of this process, however, in the interest of our long term relationship, Mack has elected to refrain from continuing production operations by hiring new employees as permanent replacements for striking workers.

During those few instances in which a strike occurs, the UAW recognizes that Mack must continue to protect equipment, facilities and, most importantly, fulfill its commitments to customers by using salary employees as are available to continue critically necessary operations in an orderly manner. For their part, the UAW commits to maintain an orderly, peaceful protest without rancor or attack upon the Company or its product. A picket action will be of an informational nature and there will be no interference with the legitimate access to Mack's facilities.

This course of action by the Company has served the parties well. It has permitted us to address the issue without additional pressure and escalation of the tensions of the situations. Accordingly, it is Mack's intent to continue this long established Corporate policy so long as our relationship remains businesslike.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #13

(Original dated July 7, 1998)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Resolution of Employee Complaints

The Company and the Union have long recognized that the mutually satisfactory resolution of employee complaints in the grievance procedure, by authorized Company and Union officials, results in a final and binding determination for both parties as well as the employee involved. The parties' recognition of this principle has contributed stability and certainty to the grievance procedure. Accordingly, the Company views any attempt to reinstitute such claims by either party as being antithetical to the purposes for which the grievance procedure was established.

However, subject to the provisions of Article 5 of the Master Agreement, in those instances where the UAW's International Executive Board, Public Review Board, or Constitutional Convention Appeals Committee have reviewed a grievance disposition and found that such disposition was improperly concluded by the Union body or representative involved, the Mack Trucks Department may so inform the Director of Employee Relations of the Company and request in writing that such grievance be reinstituted in the parties' grievance procedure at the same level at which it was originally settled. After receipt of such written request, the grievance will be so reinstituted by the Company.

It is understood by the parties, however, that the Company will not be liable for any back pay claims from the time of

original disposition to the time of reinstitution of the grievance, and it is further agreed that the reinstitution of any such grievance shall be conditioned upon agreement by the Union and the employee(s) that neither will pursue such back pay claim against the Company.

This letter is not to be construed as modifying in any other way either party's rights or obligations pursuant to the Collective Bargaining Agreement or the final and binding nature of any other grievance resolutions. It is also understood by the parties that this section and the Company's obligation to reinstitute grievances consistent with the conditions set forth above and upon written request from the Union, can be terminated by either party upon thirty (30) days' notice in writing, to that effect.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #14
(Original dated July 7, 1998)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Employee Involvement

Recognizing that mutual cooperative efforts are a cornerstone of the quality of work life, the Company agrees to participate in an Employee Involvement Program based on current philosophy, practice and model programs in place at similar UAW manufacturing facilities. Employee Involvement is intended to foster a "partnership of participation" that provides for the optimum utilization of human resources, the effective communication of ideas and the identification of suggested approaches to problem solving.

Meeting our mutual objectives outlined in this letter will only be possible with meaningful involvement of the Union, the Company and employees. To foster this kind of environment, the Company and the Union agree to form a National Joint Committee on Employee Involvement with equal representation from the Company and the Union. The Union representatives will be appointed by the Director of the UAW Mack Trucks Department, the Company representatives on the committee will be appointed by the Executive Vice President- Administration, Mack Trucks, Inc. The purpose of the committee is to develop and implement a process that will provide employee satisfaction. The principles involved will be as follows:

- (1) A pledge from both parties at the highest levels that they are committed to the program.

- (2) The program will be strictly voluntary with the right of either party to cancel at any time.
- (3) Participation of individual employees is strictly voluntary.
- (4) The program shall be a joint one with participation from both the Company and the Union at all levels.
- (5) *The Company and the Union agree that the program will not be used to circumvent or to diminish the responsibilities and obligations of either party.*
- (6) The provisions of the Master Agreement and the Local Agreements shall remain intact.

This Employee Involvement Committee will also:

- (a) Review and evaluate existing programs which involve improving the work environment of Mack Truck employees represented by the UAW.
- (b) Develop new concepts and pilot projects dealing with the quality of work life of our employee/members.
- (c) Make reports to the Company and the Union on the results of these activities.

Both parties recognize the fact that we are in the early stages of an ongoing process. We agree that our scope of activities should be increased to include agreed upon Company operations covered by the Master Agreement and that the pace of our efforts should be accelerated. We believe that all future employee involvement projects should also adhere to the following principles:

- The effort cannot be forced, it must be voluntary.
- We are willing to experiment with a variety of approaches rather than supporting a single approach.
- Productivity cannot be the sole purpose for these activities. Our goal should be to achieve a "better way of working together."

- The Company and the Union should collaborate in these projects equally. The Union should be involved in local steering committees wherever they are established.
- Normal Labor Relations activities must be kept separate from Employee Involvement efforts.

The National Joint Committee on Employee Involvement will meet as often as necessary to provide the guidance and encouragement necessary to help employee involvement grow. A well functioning employee involvement process can be a good measure of our success in communicating the negotiating parties' dedication to the cooperative efforts required to enhance the chance of Mack Trucks' success in the market place.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #15

(Original Date October 28, 1992)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Solidarity House
8000 East Jefferson Avenue
Detroit, MI 48214

Dear Mr. Gooden:

Re: Personal Leave of Absence

During the discussion of the Personal Leave of Absence section of Article 10 of the Master Agreement, Management assured the Union of their intention to take a reasonable administrative approach. In instances where approved leaves of absence cause a negative impact on an employee who would be otherwise eligible for vacation or holiday pay, the Human Resources department will review all attendant circumstances and make a reasonable determination of eligibility.

This understanding is not intended to expand eligibility, but rather to address obvious inequities which may arise due to the administration of the specific language of the Personal Leave of Absence section.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #16

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: Retiree Health Care Benefits

Dear Mr. Gooden:

In Article III, section 8(f) of Appendix B to the October 2, 2001 Master Agreement between Mack and the UAW, the Company has expressly agreed that hospital - surgical - medical - prescription drug - catastrophic medical - dental - vision expense coverage will be continued at Company expense for retirees and their dependents (not including any employee who has less than ten (10) years of credited service and retires while on a sick leave or a former employee entitled to or receiving a deferred vested pension).

After lengthy discussions concerning the appropriate mechanism to fulfill the Company's express commitment to cover the expense of retiree health care, it was agreed that the Company will make monthly contributions on behalf of retired employees (not including any employee who has less than ten (10) years of credited service and retires while on a sick leave or a former employee entitled to or receiving a deferred vested pension), and their eligible dependents or surviving spouses under Article III, section 7(e) towards the cost of hospital-surgical-medical-prescription drug - catastrophic medical - dental - vision expense coverages provided under Article III equal to the full subscription rate or premium in an amount not to exceed the CAPS set forth in Appendix B, Article IV, section 7 (\$14,511 for retirees/surviving spouses under the age of 65 and \$4,623 for retirees/surviving spouses who are 65 years of age and older). In addition, the Company will establish a Trust Fund in compliance with the requirements of IRC section 501(c)(9) and contribute to that fund the sum of \$30 million dollars in

equal annual installments of \$10 million (the "VEBA Trust"). The annual installments shall be contributed on April 1, 2002; April 1, 2003; and April 1, 2004. The funds that will be contributed to the Trust, and all earnings net of expenses thereon, shall be held and used for the exclusive purpose of paying all charges under the hospital-surgical-medical-prescription drug-catastrophic medical-dental-vision expense coverages incurred by retired employees and their dependants (not including any employee who has less than ten (10) years of credited service and retires while on a sick leave or a former employee entitled to or receiving a deferred vested pension) or surviving spouses under Article III, section 7(e), that exceed the CAPs set forth in this Appendix B at Article IV, section 7D.

The Company further commits, with respect to the Collective Bargaining Agreement next succeeding the 2001-04 Agreement, to restore if necessary, the VEBA Trust to \$30 million and to contribute whatever additional funds are required to increase the total value of the VEBA Trust to an amount that is sufficient to fund projected retiree health care cost increases above the CAPS during the term of such successor Agreement. The amount of funds required and the associated cost rate projections will be determined by mutual agreement, which agreement may not be unreasonably withheld. It is further understood that the parties will also review the feasibility of adjusting the CAP levels during those negotiations.

The Company fully recognizes, acknowledges and hereby confirms that retiree health care benefits for Mack-UAW employees have been and will continue to be lifetime benefits, and that the understandings outlined herein in no way modify nor negate this commitment.

The Company and the Union hereby reaffirm their
commitment to work jointly to control health care costs,
while at the same time providing quality professional care.

Very truly yours,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #17
(Original dated July 7, 1998)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Employee Outplacement Assistance

The Union has requested that Mack renew the commitment first made in the 1984 Agreement with regard to outplacement assistance. In response to that request, the Company has agreed to continue to offer to employees on regular layoff assistance in seeking other job opportunities through a career transition service provided by the Company at no cost to the employees. This service will be provided as a need is identified, for any facilities covered under this agreement, by the National Executive Committee. Employees will be provided with:

- a. Information on employment opportunities within the regional area of residence.
- b. Counseling on the types of skills that are marketable in the job market of today and the future.
- c. Retraining and entrepreneurial programs.
- d. Counseling on how to seek, apply for and acquire employment.

The parties have agreed to fund these efforts through the Joint Training Fund.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #18
(Original date May 26, 1998)

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

Re: Board of Directors

The Company and the Union have set up a framework for identifying issues of mutual interest which will enhance the long term viability and growth of the Company, thereby maximizing job opportunities for our UAW represented employees. In the spirit of maintaining our progress toward these very important objectives, arrangements will be made, continuing the practice established under prior bargaining agreements, for the Director of the UAW Mack Trucks Department to address the Corporation's Board of Directors, appropriate committee(s) of the Board, or the Company's Management Committee, on a periodic basis.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter #19

October 2, 2001

(Original date 10/30/92)

Mr. Nate Gooden

Vice President and Director

UAW - International

8000 East Jefferson Avenue

Detroit, MI 48215

Dear Mr. Gooden:

Re: Special Preferential Hiring

During the 2001 negotiations, the Company declined to create false hopes of recall by agreeing to the extension of recall rights for employees who were laid off on or after July 20, 1998.

The Union expressed concerns for people who refused to take buy-outs because of their convictions and desires to continue to be Mack Truck, Inc. employees.

Based on the discussion between the parties, it was agreed that employees, who in fact declined the buy-out offered by the Company, would be identified locally, placed on a special preferential hire list and people from this list will be the first employees hired.

Sincerely,

Mark T. McLaughlin

Senior Vice President

Human Resources and Administration

Letter #20

(Original date May 26, 1998)

October 2, 2001

Mr. Nate Gooden

Vice President and Director

UAW Solidarity House

8000 East Jefferson Avenue

Detroit, MI 48214

Dear Mr. Gooden:

Re: Overtime

During the discussions regarding the necessity for scheduled overtime, the parties concluded that, recognizing the unique requirements within each unit, overtime was a topic best provided for in the various Supplemental Agreements.

The Union expressed a concern that customer requirements could result in the necessity to schedule excessive amounts of overtime, therefore, in making scheduling decisions, Management agreed to consider alternatives to overtime including, but not limited to, the recall of seniority employees, with the requisite skills, from layoff. The intention is to make work scheduling decisions which result in the best quality, delivery and cost advantages to our customer.

Management is willing to review the rationale for scheduling decisions with the union upon request.

Sincerely,

Mark T. McLaughlin

Sr. Vice President

Human Resources and Administration

Letter # 21

Original Letter in 1998 CBA was not dated.

October 5, 2001

Mr. Nate Gooden
Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, MI 48214

Dear Mr. Gooden:

RE: Special Adjustments to PEG Numbers -
Baltimore PDC/Atlanta PDC

During the course of the 2001 Master Negotiations, the parties agreed upon new PEG numbers for each of the bargaining units covered by the Master Agreement.

In addition, the parties agree to increase the PEG numbers established for Baltimore and Atlanta PDC warehouse and office, if applicable, by the actual number of people affected at each location at the time at which the PRS work is outsourced.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter # 22

(Original date June 18, 1998)

October 2, 2001

Mr. Nate Gooden

Vice President and Director
UAW Mack Trucks Department
Solidarity House
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

RE: New Operating Environment

During the 1998 contract negotiations process, the Company and the Union engaged in discussions to clarify, define and resolve critical issues necessary to improve the overall competitiveness of Mack Trucks, Inc. The need for these improvements was driven by our joint understanding of the seriousness of the competitive gap that exists between Mack and its key competitors. Both parties also firmly agreed that these discussions were only the initial steps necessary to create a new operating environment that will allow us to become competitive as soon as possible and thereby provide security for our employees, retirees and shareholders.

Consequently, the parties agree that each local plant/facility will continue to work to find solutions to operating/business issues that prevent us from being competitive, now and in the future. It is clearly understood that the parties at the local, and also at the national level, will explore all reasonable alternatives to enable Mack to be competitive in all of its business units. In order to achieve these goals, it is understood and agreed that each local plant/facility may enter into agreements that may deviate from the provisions of the Local Supplemental and Master Agreements, and other local agreements and practices during the life of the 1998 contract.

Recognizing the needs of all constituencies, the parties agree to continue to meet on an ongoing basis at each

location to implement strategic steps that will address the actions outlined above.

Sincerely,

Mark T. McLaughlin
Sr. Vice President
Human Resources and Administration

Letter # 23
October 6, 2001

Mr. Nate Gooden
Vice President and Director
UAW - International
8000 East Jefferson Avenue
Detroit MI 48215

Re: Americans With Disabilities Act

Dear Mr. Gooden:

This will confirm that medical restriction provisions contained
within the Local Supplemental Agreements and/or Master
Agreement will always be applied in a fashion consistent
with the requirements of the Americans With Disabilities Act.
This is not intended to supercede any of the terms of the
Collective Bargaining Agreement.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter # 24

October 6, 2001

Mr. Nate Gooden
Vice President and Director
UAW - International
8000 East Jefferson Avenue
Detroit MI 48215

Re: Extension of Seniority Recall Rights

Dear Mr. Gooden:

This will confirm our understanding that, notwithstanding the provisions of Article 6, Section 19 (g), (h) and (i) of the Master agreement, employees who have or acquire seniority as of October 1, 2001, or during this new Agreement, shall retain their seniority recall rights through the term of the new Agreement.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and Administration

Letter #25

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW - International
8000 East Jefferson Avenue
Detroit MI 48215

Re: Health and Safety Issues

Dear Mr. Gooden:

During the 2001 Negotiations the parties had extensive discussion regarding health and safety. The Company and Union agree to work together to address the following Health and Safety items:

1. Develop alternative measures to eliminate the practice of employees working under suspended loads.
2. Provide safe access to all entrances and exists at the facility during and after snowstorms. The parking lots will be plowed and salted to assure that a safe condition exists.
3. Schedule qualified personnel to inspect all gas-fired equipment.
4. Maintain restrooms in a clean and sanitary condition.
5. Maintain water coolers/water fountains and eyewashes in a sanitary condition.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and
Administration

Letter #26

October 2, 2001

Mr. Nate Gooden
Vice President and Director
UAW - International
8000 East Jefferson Avenue
Detroit MI 48215

Re: Exclusion of Winnaboro Closing Costs from
 Profit Sharing Plan

Dear Mr. Gooden:

This will confirm the understanding reached between the
Company and the Union that all costs incurred by the
Company in conjunction with the closing of the Winnaboro
plant constitute an extraordinary loss and are thus excluded
from the determination of profits under the Mack-UAW Profit
Sharing Plan set forth in Appendix E.

Sincerely,

Mark T. McLaughlin
Senior Vice President
Human Resources and
Administration

